

**FBIS**

# DAILY REPORT

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*China*

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LIAOWANG ARTICLES REVIEW U.S.-USSR RELATIONS

## Strategic Issues Cited

HK230815 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 7, 16 Feb 87 pp 28-30

[Article by Li Qinggon (2621 1987 0501): "New State in U.S.-USSR Confrontation and Contention"]

[Text] Confrontation and contention have always been the main feature of U.S.-USSR relations. Entering the second half of the 1980's while the United States and the Soviet Union continued to have dialogue, there were indications of detente on several occasions, to the extent of a near consensus on some issues and concluding the disarmament accord. Nonetheless, there were no changes in the essence of confrontation and contention. At present, with the end in view of one side protractedly and effectively developing itself to subdue the other, both the United States and the Soviet Union are carrying out new strategic adjustments, selecting new fields of contention, and adopting new methods of competition, thereby leading to a new situation in confrontation and contention. Undoubtedly, this has brought a new cloud over the world's peace and stability.

## New Concepts in U.S.-USSR Strategy [subhead]

Looking on the overall strength in politics, military, economy, science and technology, both the United States and the Soviet Union have their respective strong and weak points, and are thus evenly matched. At present, both feel that to engage the other side in protracted and effective contention they would have to depend on military superiority. Direct or indirect armed conflict is neither sufficient nor possible to defeat the opponent. The all-round reinforcement of overall strength, incessant improvement of the application of this strength, the maintenance of protracted competition, and the seizing of the strategic initiative -- these are the best strategic options and most effective means to subdue the future opponent. Hence, both the United States and the Soviet Union abandoned traditional strategic concepts, and with the goal of enhancing competitiveness and seizing the initiative, set a new strategic concept of "promoting one's strong points and taking advantage of the enemy's weak points; eliminating one's shortcomings and neutralizing the enemy's strength." Setting their sights on competition in the 21st century, they set themselves to reinforcing overall strength, striving to defeat the other side in protracted competition.

Zeroing in on the Soviet military's quantitative and marginal superiority, and taking advantage of a weak Soviet economy as well as scientific and technical potentials that are incomparable with those of the United States, the United States has put forward a "competitive strategy" that would strive to play up its own economic, scientific and technological strengths, and engage the Soviet Union in protracted competition. It would force the Soviet Union to carry out an "exhaustive battle" with the United States on the economic front and a "running battle" on the scientific and technological front, and then gradually weaken and defeat the opponent. On the other hand, well aware that the U.S. military possesses qualitative superiority and that it would be difficult to compete with the United States in economic might and scientific and technological potential, the Soviet Union proposed a "strategy to accelerate development," seeking to accelerate economic construction and scientific and technological development in order to eliminate the weaknesses in its Armed Forces, economy, science, and technology. It aimed to fully reinforce its overall strength, gain the initiative in the next round of confrontation and competition, and effectively oppose the United States.



The establishment of these new kinds of strategic concepts by the United States and the Soviet Union will inevitably lead to a new escalation of the arms race, intensification of regional conflicts, and would make it difficult for the disarmament talks to make substantive progress. Even if indications of detente should appear in U.S.-USSR relations, there can be no real improvement.

#### New Domains in the Arms Race [subhead]

At present, both the United States and the Soviet Union are unwilling to accept the status quo of the balance of power, and are trying to gain military superiority by arms reinforcements. Following long years of the arms race, they are both aware that the traditional competitive manner of using numerical superiority to subdue the opponent no longer works. So, they are actively searching for new ways and continuously bringing the arms race into new domains.

#### Intensifying the Struggle for Qualitative and Quantitative Superiority [subhead]

Well acquainted with the theory that "quality and not quantity is what matters in the military," both the United States and the Soviet Union are speeding up the progress of their respective "crack troops" on the basis of maintaining sufficient military power. On nuclear power, after proposing a strategic weapons modernization plan in 1981, the United States has repeatedly speeded up the process and at present, various new weapons systems are at the actual installation stage. MX missiles and B-1B strategic bombers have been successively put into action, while the Trident-II submarine missiles will soon be deployed. The Minuteman III missiles and renovation of the B-52 bombers that would carry strategic guided missiles will soon be completed. At the same time, the United States has put in greater efforts to develop the "Midgetman" missiles, the "Stealth" bombers and guided missiles. It appears that the new generation of offensive strategic weapons will be produced in the 1990s. Owing to the qualitative superiority of the United States in nuclear strength, the Soviet Union is making valiant efforts to catch up by focusing quality improvement on the basis of appropriate quantitative augmentations. At the moment, the Soviet Union is accelerating the process of replacing its strategic offensive forces. Fifth generation strategic missiles and bombers are being deployed, while multiple warheads comprise 90 percent of newly augmented warheads. In addition, the Soviet Union is stepping up development of a new generation of strategic offensive weapons. In their present respective nuclear power modernization programmes, both have put priority in improving target precision, defensive, survival and reflex capabilities over quantity, equivalence and launch power, and make them the primary development elements.

On conventional forces, the United States still emphasizes the principle of "quality over quantity." The newly proposed "conventional defense plan" would make use precisely of U.S. superiority in technology to research and develop a new generation of conventional weapons, thereby greatly increasing the combat capability of conventional forces in order to offset, or even surpass, the USSR numerical superiority. On the other hand, while maintaining its numerical superiority, the Soviet Union tries to make greater degrees of improvement in quality, and is presently moving toward modernization of its conventional forces.

#### Stepping Up Competition in the New Technological Field [subhead]

At present, the United States and the Soviet Union are striving to open up new fields in military technology and seeking to take the upper hand with new technology breakthroughs. The United States is ahead in this area.

According to U.S. Secretary of Defense Weinberger, among the 20 advanced technologies today, the United States leads the way in 14 items and is basically even with the Soviet Union on the other six items. The Strategic Defense Initiative put forward by Reagan has now become the general project to develop and utilize new military technology. While a comparatively big gap separates the Soviet Union from the United States in this regard, the Soviet Union is also emphasizing the development and utilization of military technology under the guideline of "accelerating development strategy." Particularly in space technology, the Soviet Union is superior to the United States in certain aspects. It can be expected that the future U.S.-USSR arms race will focus greater attention on the struggle for new technologies. "Technological battles" and "software wars" will lead to new escalations of the arms race.

#### Focus on Contention in Outer Space [subhead]

The U.S.-USSR arms race has now gone beyond the domains of air, sea and land, and is moving towards outer space. The two parties regard this as the fourth battlefield for future contention and struggle. In light of the progress made by the Soviet Union in this area, the United States has speeded up the research and development process of space weapons system. Owing to the military application of the space shuttle, the successful tests of anti-satellite weapons, and notably the "spectacular progress" of major items in the Strategic Defense Initiative, the United States is even more determined to set up a space defense system, and has allocated 5.8 billion dollars for research and development in 1988. The Soviet Union has had an early start in this area. According to reports, its antisatellite weapons now have demonstrated initial combat capability, while tests of its land-based antisatellite and anti-missile laser weapons have also been successful. While the Soviet Union lags behind the United States in space shuttles, its space station is superior to that of the United States. This will play a major role in future confrontation and contention in space.

#### New Trends in U.S.-USSR Disarmament Talks [subhead]

The disarmament talks provide another form of confrontation and contention between the United States and the Soviet Union. Owing to reasons such as replacement of weapons, overall consideration of quality and quantity, and increasing economic burdens, both the United States and the Soviet Union have need of disarmament and arms control. However, they primarily regard the disarmament talks as a means of "soft opposition" and use it to cut down the opponent while preserving themselves, to impose more sanctions on the enemy and less on themselves, to restrict the opponent while developing themselves, and weaken the opponent but strengthening themselves. This is the main feature of U.S.-USSR disarmament and arms control negotiations. At present, the new trends in confrontation and contention between the United States and the Soviet Union in disarmament issues are manifested primarily in the following:

#### Wide Divergence in Strategic Intentions [subhead]

The strategic intents of the United States more fully demonstrate its thinking on "competitive strategy." It seeks not only to undercut the Soviet might in strategic and medium range nuclear weapons, but more importantly, it makes use of its own advantages. On the one hand, it plays up the threatening effect of the Strategic Defense Initiative to force the Soviet Union to make greater concessions in the disarmament talks and thus reduce the real threat and potential pressure posed by the Soviet's heavy land-based missiles to the United States. On the other hand, it checks the momentum of development in space weapons and thus competes with the Soviet Union in the new domain.

The principal strategic goal of the Soviet Union is to knock out the U.S. Strategic Defense Initiative. However, the two heads of state's summit in Iceland last year made the Soviet Union realize that it was impossible to destroy the plan completely, and that "it could be more realistic in trying to limit it, and at best destroying part of it." Even if it should be unsuccessful, it could slow down the U.S. momentum in developing space weapons, win time, develop itself and close the gap with the United States.

#### Toughening Disarmament Stance [subhead]

The focus of the ongoing U.S.-USSR disarmament talks is the issue of space weapons. The United States believed that by adhering to a tough stance in the disarmament talks, it could not only ensure that the development of space weapons would not be hampered, but it could also force the Soviet Union to make one concession after another and adopt a passive position, while the United States scored repeatedly. Having realized that relying solely on making concessions in other domains could not bring about greater compromises from the United States on the space weapons issue, and itself unwilling to make excessive concessions, the Soviet Union has adopted a tougher stance in order to regain the initiative and contain the other side. The diametrically opposite positions of the United States and the Soviet Union over the space weapons issue are precisely the consolidated expressions of the two sides' confrontation and contention in the disarmament talks.

#### Hardly Reconcilable Differences of Principle [subhead]

Looking at the new trends in the current U.S.-USSR disarmament talks, the gap between the two sides on the disarmament issue is gradually growing. The Soviet Union has renewed the proposal for a "wholesale" settlement of the issue and linked the space weapons with the strategic and medium range nuclear weapons. The United States sought to reach accords on individual issues. The Soviet Union wanted to restrict development of space weapons to laboratories. On the other hand, the United States asked that no restrictions be imposed. The Soviet Union demanded that the United States suspend nuclear tests, but the latter refused. The United States asked that medium range and short range nuclear weapons be linked with conventional disarmament, while the Soviet Union wanted the two issues discussed separately. The Soviet Union wanted to freeze short range nuclear weapons, but the United States wanted to establish maximum quota. This fully indicates that the area of confrontation in the U.S.-USSR disarmament talks is growing, and the two sides' dispute on the disarmament issues is intensifying. While this kind of confrontation will not lead to the collapse of the disarmament talks at present, it will make it difficult to make substantial progress.

#### New Situation in the U.S.-USSR Regional Contention [subhead]

The United States and the Soviet Union are global powers and their respective global strategies reveal elements of offense and risks. Taking advantage of the U.S. strategic withdrawal in the 1970s, the Soviet Union mounted a large-scale expansion, bringing about a "one region each year" situation as well as one with the Soviet Union on the offensive and the United States on the defensive. Entering the 1980's, following efforts to "reestablish the U.S. military might," the Reagan government has basically regained its vigor and made greater adjustments to its global strategic maneuvers. It took the initiative to retaliate and contain Soviet expansion, thereby forming a situation where both the United States and the Soviet Union are simultaneously on the defensive and the offensive. With the advancement of "Reaganism," the United States made new adjustments to its global strategy, established the concept of "reverse strategy," and strove to proceed from a position of strength.



It applied various military, diplomatic, economic and propaganda measures to offset Soviet influence in different regions, push back the Soviet sphere of influences onto its own soil, and thus adopted an offensive stance. And, while it has not given up efforts at expansion, the Soviet Union does urgently need breathing space to develop its economy and science and technology, as well as to reinforce itself for confrontation with the United States. Hence, its momentum for expansion has slackened off and instead has adopted the strategy of "restricted withdrawal with guarantees for key areas" and tried to avoid head-on clashes with the United States. The changes in the two countries' global strategies have resulted in a new situation in U.S.-USSR regional struggles where the United States is more on the offensive than defensive and vice versa for the Soviet Union.

Moreover, both the United States and the Soviet Union competed to strengthen their respective military presence in various and continuously demonstrated their might. While this move was intended as a demonstration for countries of various regions, it was primarily directed as a deterrent against the opponent in order to counter the latter's influences.

At present, the countries of the world are taking note of the new situation in this confrontation and contention between the United States and the Soviet Union, and are paying close attention to their threats and impacts. Not a few have appealed for the United States and the Soviet Union to end their arms race and regional contention, and asked the two to make substantial progress in the disarmament talks as soon as possible in order to safeguard world peace and stability. Undoubtedly, this kind of force for peace plays an important role in checking U.S.-USSR competition and expansion.

#### Nuclear Tests Compared

HK261022 Beijing LIAOWANG in Chinese No 7, 16 Feb 87 p 8

[Article by Tang Tianri (0781 1131 2490): "New U.S.-USSR Dispute on the Question of Nuclear Tests"]

[Text] The U.S. Energy Department announced on 3 February that the United States has conducted a new underground nuclear test with explosive equivalence of 20,000 tons of TNT in Nevada that morning. This was the first underground nuclear test of the United States in 1987. Reacting to this event at a press conference on 5 February, Soviet Deputy Foreign Minister Petrovskiy criticized this U.S. nuclear test as a "provocative action undertaken regardless of opposition from the international community," and declared that owing to the continuous nuclear explosions by the United States, the Soviet Union would also resume nuclear tests "in order to counter the U.S. threats and guarantee the security of the Soviet Union and its allies." This tit for tat response vigorously indicated that the U.S.-USSR contention around the issue of nuclear tests would intensify even more this year.

This new contention between the United States and the Soviet Union is the continuation and extension of their numerous struggles over the issue of nuclear tests in the past year and a half. In late July 1985, the Soviet Union put forth a suggestion for suspension of nuclear tests and announced that starting 6 August to 1 January 1986, it would unilaterally suspend all nuclear tests. At the same time, it called on the United States to make an active response. However, the United States announced on that same day that President Reagan had written Soviet leader Gorbachev, inviting the Soviet Union to send observers to inspect U.S. nuclear tests in Nevada. At that time, both sides criticized and rejected the other side's suggestion. Later on, the Soviet Union repeatedly proposed that the two countries stop nuclear tests, and thrice extended its unilateral suspension of nuclear tests on 15 January, 14 May and 18 August. However, the United States went its own way, and ignored all suggestions.

Then, the Soviet Government issued a statement on 18 December where, on one hand, it declared that it would be forced to resume nuclear tests after the United States conducts its first nuclear test in 1987, and on the other hand, said that if the United States stops its nuclear tests, then the Soviet Union would be willing to suspend its resumption of nuclear tests on a reciprocal basis. On this, the United States maintained its stance of disregard and rejection, and continued to conduct nuclear tests according to plans. According to the Soviet Foreign Ministry spokesman, since the unilateral suspension of nuclear tests by the Soviet Union, the United States has already carried out 25 underground nuclear tests.

Why did the Soviet Union propose "armistice", while the United States keeps opposing it? Both sides gave their respective reasons.

The reason behind U.S. opposition of the "armistice" is that prior to announcing its suspension of nuclear tests, the Soviet Union had already carried out a sufficient number of nuclear tests to modernize its nuclear force. In order to counter the Soviet nuclear force, the United States needs to carry out regular nuclear tests, claiming that this was necessary for maintenance of the reliability of its present stock of nuclear weapons as well as for research and development of a new generation of weapons. Hence, the United States reiterated that to accept the Soviet proposal for suspension of nuclear tests now would in effect help "the Soviet Union freeze its nuclear superiority," and stop the United States from improving its nuclear deterrent force. This did not accord with the security interests of the United States and its allies.

The Soviet Union believed that the halting of nuclear tests was the most realistic path toward an end to the arms race and total destruction of nuclear weapons. It also denied having superiority in nuclear weapons. It said that the United States actually leads in the number of nuclear tests conducted. For example, while the United States and the Soviet Union carried out more or less the same number of nuclear tests in 1984, in 1985, the United States conducted approximately 20 nuclear tests while the Soviet Union conducted 9. In particular, since the ushering in of the nuclear age, the States carried out 225 more nuclear tests than the Soviet Union. Moreover, the Soviet Union also criticized the U.S. rejection of the test suspension proposal as an attempt "to sabotage efforts to restrict the arms race," and "to gain nuclear superiority over the Soviet Union." Moscow announced that the Soviet termination of its unilateral test suspension was aimed at preventing the United States from achieving military superiority.

The U.S.-USSR dispute revolving around the issues of "test suspension" or "no test suspension" evolved from both sides wanting to continue nuclear tests now; that is, a return to the same situation of one and a half years ago. This new condition demonstrates the following: One, the United States and the Soviet Union distrust each other and each worries that the other side would disrupt the general equilibrium of nuclear force at present. They also accuse each other of seeking nuclear superiority. Actually, hiding behind these arguments are their respective intentions to gain military superiority. Two, obstacles to future U.S.-USSR talks on limiting nuclear arms have been increased. At first, people thought that the Soviet concession of a unilateral suspension of tests would bring optimism to U.S.-USSR talks on ending nuclear tests. Now that the Soviet Union has decided to resume nuclear tests, the prospects of the talks have dimmed further. Third, the United States and the Soviet Union would henceforth compete in carrying out nuclear tests in order to continuously modernize their respective nuclear arsenals. Therefore, it is possible to expect a new escalation in the nuclear arms races.



RENMIN RIBAO ROUNDUP ON LABOR SERVICE, TRADE

HK261135 Beijing RENMIN RIBAO in Chinese 24 Feb 87 p 7

[Roundup by Zheng Dexhen (1728 1795 4176): "Labor Service Trade and the Eighth Round of Global Trade Talks" -- first paragraph printed in boldface]

[Text] Labor services trade generally refers to trade involving finance, insurance, transportation, tourism, telecommunication, technical services, and so on. With the development of science and technology, and the readjustment of industrial structure, the labor services trade is occupying an increasingly important position in international trade, and has been developing very rapidly. It has contrasted markedly with the declining trends of the cargo trade of the world. However, at present, this trade is mainly carried out in a small number of developed countries. In a great number of developing countries, it is still in an initial stage. At the eighth round of global trade talks currently in progress, the labor services trade is one of the points at issue between the developed and developing nations.

The committee responsible for the new eighth round of global trade talks has recently decided that substantive talks on the labor services trade will start in Geneva during the second half of February.

The labor services trade was included in the global trade talks by a ministerial meeting of the GATT held in Uruguay in September last year. This is the first time that the labor services trade has been included in the international multilateral trade system since the GATT went into effect about 40 years ago. This shows that the trade is occupying an increasingly important position in international trade.

Labor services trade is different from cargo trade in general (commodity trade). It generally refers to finance, insurance, transportation, tourism, telecommunication, technical services, and so on. Unlike world cargo trade, which has declined in the past 10 years or so, labor services trade is developing very rapidly worldwide. According to statistics from 1976 to 1983, the average annual increase of the export volume of the labor services trade worldwide was 13 percent, but since 1980 the average annual increase has been only 2.2 percent. At present, the total volume of the world's labor services trade has increased to nearly 1,000 billion from 100 billion in 1970, accounting for nearly 1/3 of the total trade volume of the world. The rapid growth of the labor services trade is closely connected with the vigorous development of science and technology, further expansion of the tertiary industry, and the strengthening of international economic links over the past decades. Extensive application of the new technology has promoted the growth of new undertakings such as information, technical consultancy services, technical transfer, and so on, which have become an important component part of the labor services trade. It has also made tertiary industry increasingly prosperous. For example, in the United States the proportion of tertiary industry (which is also called service trade) in the GNP has reached 70 percent. In Great Britain it is 60 percent and in other countries such as Japan, West Germany, France and so on it is more than 50 percent. Such readjustment of the industrial structure of the developed countries cannot but bring about great changes in the pattern of international trade. Most noticeably, the growth rate of labor services trade is increasingly higher than that of cargo trade. Judging from the trend of development we believe that the labor services trade will further increase by a big margin.

However, the development of the labor services trade is completely uneven. Generally speaking, labor services trade involves capital and knowledge of intensive undertakings. Therefore, developed countries have gained the upper hand in this regard. According to statistics, from 1970 to 1980 the export volume of the labor services trade of the developed countries accounted for 85 percent of the total export volume of the labor service trade of the world. The import volume of the labor services trade of the developed countries accounted for 75 percent of the total import volume of the world's labor services trade.

The labor services trade in developing countries has also developed to a certain extent. However, it was started rather late. Its scale is small, and techniques involved are backward. The trade volume of the labor services trade of the developing countries has only accounted for 26 percent in the total trade volume of world labor services trade. In the meantime, their export volume is smaller than their import volume. For example, in 1970, the deficits of developed countries in labor services trade were \$1.5 billion, but in 1982 their surplus was \$15.6 billion. In contrast, during the period from 1970 to 1982, the deficits of developing countries in labor services trade increased from \$3.9 billion to \$59.9 billion.

Such a big difference in labor services trade has raised a striking problem in North-South relations. At the ministerial meeting of the GATT held in Uruguay last September the labor services trade was a point at issue at the meeting. The developed countries headed by the United States did their utmost to try to put labor services trade, which formerly lay outside the concern of the GATT, on the meeting agenda. They also urged that the "free trade" clause in the GATT be extended to labor services, so that they could make use of their strong points to enter the labor services market of developing countries. In particular, the United States was trying to make up its deficits in cargo trade through the expansion of the labor services trade. However, developing countries such as Brazil, India and so on maintained that since developing countries are backward in labor services trade, it was unfair to emphasize the principle of "free trade," and that developing countries should properly protect their own labor service markets in their own interests. They proposed that the new round of talks would only cover cargo trade, but not the labor services trade. Through repeated consultations, both sides reached a compromise, and agreed to put the labor services trade on the agenda of the new round of talks. At the ministerial meeting, a number of developing countries strongly urged that any talks on labor service trade should be based on the principle of equal consultations, taking into account the special conditions and interests of the developing countries.

The talks on labor services trade to be opened in February will be convened in accordance with the agreement reached at the meeting held in Uruguay. It will be an important component part of the eighth round of the global trade talks (also called the Uruguay round) which covers a period of 8 years. According to a plan worked out not long ago, the talks will focus on "multilateral structure of the principle, rules and regulations governing labor services trade." The contents of the talks will involve the definition of labor service trade, the general concepts on formulating the principle, rules and regulations of labor service trade, the scope for the application of the multilateral structure, the existing international stipulations and arrangements, measures useful to developing the labor services trade, and so on.

It can be expected that the talks which discuss these broad and complicated issues, and may involve heated debate between various participants, will be long-drawn-out negotiations.

CARRIER, SHANGHAI FIRM LAUNCH JOINT VENTURE

OW201220 Beijing XINHUA in English 1156 GMT 20 Feb 87

[Text] Beijing, February 20 (XINHUA) -- Two Sino-American joint ventures have received approval and are open for business in Shanghai, China's largest industrial center.

Speaking at the opening ceremony of the two companies, which involve two Shanghai companies and the Carrier Corporation of the United States, Chu Baotai, deputy director of the Foreign Investment Administration under the Ministry of Foreign Economic Relations and Trade expressed his appreciation to Carrier for its investment.

"While some foreign investors are taking a wait-and-see attitude about investing in China because of recent developments," he noted, "the Carrier Corporation is one step ahead by starting two joint ventures, and this proves the foresight and keen operating strategy of the corporations's decision-makers."

Chu reiterated, "China's policies of opening to the outside world and building socialism with Chinese characteristics are inseparable from international economic and technological cooperation."

Contracts were signed on Tuesday in Shanghai, and the new companies have already obtained government approval and licences and have started business.

The Shanghai Tonghui-Carrier Air Conditioning Equipment Co. Ltd. is a joint venture between Carrier and the Shanghai Mechanical, Electrical and Industrial Investment Corporation. The new company will manufacture, market and service air handlers and terminals for heating and cooling.

The second joint venture, between Carrier and the Shanghai No 1 Refrigeration Machinery Works, is called Shanghai Heshong-Carrier. The joint venture will produce semi-hermetic compressors, reciprocating coolers and centrifugal coolers.

The two enterprises will work together to create a manufacturing system in Shanghai and will produce and market air conditioning equipment for both domestic market and export.

KANG SHIEN MEETS WITH U.S. OIL EXECUTIVES

OW261224 Beijing XINHUA in English 1215 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- Chinese State Councillor Kang Shien and Robert Wycoff, president of the Atlantic Richfield Company of the United States, discussed here today ways and means of developing and utilizing a newly discovered gas field in the Yingge Sea.

After the meeting Kang gave a dinner in honour of Wycoff and R.G. Turner, vice-president of the Santa Fe Minerals (Asia) Inc.



GOVERNMENT PROTESTS OSAKA COURT RULING

## Liu Shuqing Delivers Note

OW261820 Beijing XINHUA Domestic Service in Chinese 1548 GMT 26 Feb 87

[Text] Beijing, 26 Feb (XINHUA) -- Liu Shuqing, vice minister of foreign affairs, urgently summoned Yosuke Nakae, Japanese ambassador to China, this evening, and made a solemn representation on the wrong ruling issued by the Osaka high court in Japan this afternoon with regard to a state property of China -- The Guanghua ['Koka-ryo' in Japanese] Dormitory in Kyoto. He also handed over to the Japanese ambassador a note from the Chinese Foreign Ministry to the Japanese Embassy in China.

The note pointed out: The ruling of the Osaka high court on the issue of Guanghua Dormitory is wrong both politically and legally. This ruling completely reaffirms the argument used to support rulings in the past to openly create the "two Chinas." This is another illegal act of the Japanese authorities concerned that violates the Sino-Japanese Joint Statement and the Sino-Japanese Treaty of Peace and Friendship while ignoring the guiding principle of international law. The Chinese Government expresses its deep regret over this issue.

The note also pointed out: The issue of the Guanghua Dormitory is definitely not an ordinary civil lawsuit. It is a major issue of principle to see whether or not the Japanese Government truly abides by the Sino-Japanese Joint Statement, the Sino-Japanese Treaty of Peace and Friendship, and the agreement between the two governments on Japan-Taiwan relations. The Japanese Government simply cannot shirk the responsibility for the serious political consequences [yan zhong zheng zhi hou guo 0917 6850 2398 3112 0683 2654] effected by the developments in the issue of the Guanghua Dormitory. Proceeding from the desire to maintain friendship between China and Japan, the Chinese Government earnestly requests the Japanese Government to seriously deal with this issue, and adopt effective measures as soon as possible to reasonably and properly handle this case so as to prevent it from affecting the friendly relations between the two countries.

## Embassy Officials Complain

OW262028 Beijing XINHUA in English 2010 GMT 26 Feb 87

["Japanese Court Decision Creates 'Two Chinas,' PRC Says" -- XINHUA headline]

[Text] Tokyo, February 26 (XINHUA) -- China today expressed strong dissatisfaction after a Japanese court's ruling said a student dormitory belonged to Taiwan.

China's position was expressed by Lu Qi, political counsellor of the Chinese Embassy in Tokyo, following the ruling of a high court in Osaka this afternoon that the Guanghua Dormitory of Overseas Chinese students in Kyoto belongs to Taiwan authorities.

"The ruling is politically wrong and legally untenable," Lu told a press conference. He said it violates the basic principles of the joint statement of the Governments of China and Japan and the treaty of peace and friendship between the two nations and disregards international law and objective reality.

The same stance was voiced by Chinese Consul General Wen Chi in Osaka at a press conference today.

Lu Qi said it is not a civil case by any means but one of political importance that concerns whether to respect the joint statement and the peace treaty. The action concerning China's state property has gone beyond the limits of nongovernmental relations, he said.

The ruling by the high court in Osaka is an undisguised attempt to create "two Chinas" as the Japanese court granted Taiwan authorities' appeal in the name of "The Republic of China," Lu added.

He said the Japanese Government had the obligation to go through the formalities of property right registration after the normalization of diplomatic relations between China and Japan. Although the Chinese Government has made many representations to the Japanese Government since 1974, he said, the latter has never adopted effective measures but acquiesced in the creation of "two Chinas" on the issue in violation of the joint statement and the peace treaty. The Japanese Government has an unshirkable responsibility for the grave political consequences arising from the ruling, he stressed.

Wang Tianming, Lin Longxiong and other Overseas Chinese students at the dormitory today declared at a press conference held at the Osaka Association of Chinese Residents that the ruling was totally unacceptable. They will lodge an appeal to the Supreme Court, they said. Many Chinese residents in Japan also expressed their strong opposition to the ruling.

The five-storey Guanghua Dormitory was bought with money belonging to the Chinese people after World War II to become China's state property.

Taiwanese authorities appealed to the Kyoto District Court in 1967 to evict the Overseas Chinese residing there.

In 1977 the Kyoto District Court rejected Taiwan's appeal and ruled that the dormitory belongs to the People's Republic of China.

That ruling was overturned last February after Taiwanese authorities appealed to the Osaka high court in the name of "The Republic of China." Chinese residents then appealed to the high court, saying the dormitory belongs to the People's Republic of China.

#### TRADE OFFICIAL WARNS KEIDANREN ON DEFICIT

HK270714 Hong Kong AFP in English 0647 GMT 27 Feb 87

[Text] Tokyo, Feb 27 (AFP) -- Economic relations between Japan and China may deteriorate unless China's huge bilateral trade deficit is reduced, a senior Chinese official warned here Friday according to a Japanese source.

Speaking at a meeting with Japanese business leaders at the Federation of Economic Organizations (Keidanren), Zhu Rongji, vice minister of China's State Economic Commission (SEC), said that failure to trim the trade had resulted in China having a 4.17 billion dollar deficit last year and this could lead to a deterioration of bilateral relations, Keidanren sources said.

Mr. Zhu at the same time tried to dispel fears among potential Japanese investors of a shift in China's open-door economic policy saying that personnel shakeup in January did not signal a change in China's modernization program, the sources said.



He also told some 100 businessmen that the strong yen would encourage more Japanese firms to foster long-term economic ties with Chinese factories, they said.

He was accompanied at Friday's meeting by five SEC members who are here separately to solicit Japanese technological assistance to modernize 21 Chinese plants.

Mr. Zhu has been in Tokyo since Sunday at the invitation of the Japanese Foreign Ministry.

He has met with Foreign Minister Tadashi Kuranari and International Trade and Industry Minister Hajime Tamura.

#### HEILONGJIANG DELEGATION RETURNS FROM JAPAN

SK191108 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Feb 87

[Text] After paying a 7-day friendly visit to Hokkaido Island, Japan, the provincial People's Congress delegation headed by Li Jianbai returned to Harbin City on 18 February. Greeting the delegation at the railway station were Wang Jun, vice chairman of the provincial People's Congress Standing Committee; Qu Shaowen, acting secretary general of the provincial People's Congress Standing Committee; Du Xianzhong, secretary general of the provincial People's Government; and leading comrades from the departments concerned, including the provincial Foreign Affairs Office.

#### DPRK PAPER DENOUNCES WEINBERGER ASSERTIONS

OW221056 Beijing XINHUA in English 0905 GMT 22 Feb 87

[Text] Pyongyang, February 22 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today denounced U.S. Secretary of Defense Caspar W. Weinberger and denied there are any foreign military personnel in the northern part of Korea.

"NODONG SINMUM", a major Pyongyang newspaper, said in a commentary today that Weinberger's remarks were "purely fictitious."

"There are not any foreign military personnel" in the northern part of Korea, the paper said.

Weinberger said the DPRK was strengthening its military and there seemed to be foreign military personnel there while explaining U.S. external military aid to the House of Representatives Foreign Affairs Committee.

The paper said Weinberger was using such baseless remarks to justify the U.S.-South Korean joint military exercise "Team Spirit '87" which began last Thursday and to increase its military aid to South Korea.

The paper strongly demanded the U.S. end the annual war games immediately and withdraw all its troops and military equipment from southern Korea.

DENG URGED 'STERN ACTION' AGAINST LIBERALISM

OW261101 Tokyo KYODO in English 1048 GMT 26 Feb 87

[Text] Beijing, Feb. 16 KYODO -- China's senior leader Deng Xiaoping led the stern action against the students for their "bourgeois liberalism" campaign last December through January, indicating that firm dictatorial conduct may be necessary when the situation threatens to get out of control.

If the students should disturb law and order, they should be firmly punished, Deng said. In this connection, he highly rated the Polish martial law and other tough measures against the "Solidarity" union in 1980.

He also rejected Western-style separation of the legislative, the executive and the judicature, emphasizing that China should not adopt the U.S.-style separation of the three powers.

Deng issued the instructions in an important leadership meeting held on December 30 last year. It was attended by such pro-reform leaders as then party General Secretary Hu Yaobang, Premier Zhao Ziyang, Vice Premiers Wan Li and Li Peng, party Secretariat member Hu Qili and party Central Committee member He Dongchang.

These facts have been confirmed by secret party documents concerning events between the party Central Committee plenary session last September and Hu's resignation on January 16. The full texts of these documents were revealed recently by a high-ranking party official to Beijing correspondents of KYODO NEWS SERVICE, AGENCY FRANCE-PRESSE (AFP) and THE WASHINGTON POST.

In his attack on bourgeois liberalism, Deng recalled democratization activists Wei Jingsheng (now in prison serving a 15-year prison sentence) and Wang Bingzhang (who went to the U.S. in 1982 and organized a democratization group of Chinese abroad), according to the documents.

Deng said Wei's arrest had not tarnished China's honor and image, urging the Chinese leaders to take resolute actions against antiparty elements.

Should a bloody incident occur due to the bourgeois liberalism movement, such a plot must be exposed and its masterminds must be arrested, Deng said, according to the documents. Without such stern action, the recent student demonstrations could not be controlled, he told the leadership members.

Deng also censured Fang Lishi, then vice president of the University of Science and Technology in Hefei, and liberal critic Wang Ruowang, calling for their ouster from party membership, the documents say.

The four basic principles and the people's democratic dictatorship must be upheld to secure the stability and unity, Deng stressed.

The newly revealed secret documents included a report made by Bo Yibo, vice chairman of the party's Central Advisory Commission, on January 16 at the enlarged party Politburo meeting which accepted Hu's resignation and named Premier Zhao to concurrently serve as acting party general secretary.

Bo's report said before the Politburo meeting, not only Hu but many others had conducted self-criticism. The report also said that Hu asserted there had been some gaps between facts and accusations among the party against himself, indicating that Hu had not made complete self-criticism. Bo's report also called for some system of restricting the authority of the party general secretary.

It said such a system should be created, while the veteran old revolutionaries like Deng and Politburo members Chen Yun and Li Xiannian are still alive, in order to prevent the party chief from behaving arbitrarily. The state government should be based not on individuals but on the nation's systems, the report stressed.

#### EXPULSED SCIENTIST TO GIVE ACADEMIC REPORT

HK270844 Hong Kong HSIN WAN PAO in Chinese 27 Feb 87 p 1

[Special dispatch from Beijing: "Fang Lizhi To Make Academic Report at Meeting Held by the China Society of Physics"]

[Text] Beijing, 27 February (HSIN WAN PAO) -- The China Society of Physics held its Fourth National Congress here yesterday afternoon. Fang Lizhi, research fellow of the Beijing Observatory, has attended the congress and will make an academic report at it.

Fang Lizhi has attended the meeting in the capacity of Member of the Third Council of the China Society of Physics. On the afternoon of 28 February, he will make a half-hour academic report, entitled: "Progress in Modern Study on the Universe."

According to reports, those attending the current Fourth National Congress of the China Society of Physics include more than 200 physicists from various parts of the country. During the 5-day meeting, the representatives will discuss and adopt the work report of the society, revise the society's constitution, elect a new council, and carry out academic exchanges.

#### RENMIN RIBAO ARTICLE ON BUILDING DEMOCRACY

HK260935 Beijing RENMIN RIBAO in Chinese 23 Feb 87 p 5

[Article by Li Jiapeng (2621 4471 5570): "Building of Democracy as Viewed From the Overall Scheme of Modernization"]

[Text] The "Resolution of the CPC Central Committee on the Guiding Principles for the Building of Socialist Spiritual Civilization" points out: The overall scheme of China's socialist modernization is as follows: Taking economic development as the key link, we are to continue to reform our economic and political structures and at the same time unswervingly strengthen the building of spiritual civilization, making sure that these aspects of our work are coordinated and promote each other. The building of socialist democracy should be viewed from this overall scheme.

On the basis of upholding the party leadership and people's democratic dictatorship, the main purpose of the political structural reform advocated by the party Central Committee is to reform and perfect the leadership system of the party and state and further expand socialist democracy. Economic reform in progress not only creates conditions for the building of democratic politics, but also contains the element of the democratization of economic management. [paragraph continues]



In the meantime, strengthening education in socialist democracy, the legal system, and discipline is also one of the important contents of the building of spiritual civilization. Only by viewing things from the high plane of the overall scheme of socialist modernization can we correctly understand the objective process and law governing the development of the building of socialist democracy.

The history of the development of all human society proves that the development of productive forces and the changes in the socialist material living conditions and mode of production it determines are the bases for economic relations of the whole society and the changes in superstructure. In our country, although the socialist system has been established, it is still at its initial stage. In the process of constant self-improvement, the settlement of all social problems, including the expansion of democratic life, improvement of employment conditions, development of education, and so on is, as a whole, related to the problem of the development of the productive forces, it is difficult to succeed in the economic and political structural reform in our country. Economic and political structural reform may, in return, promote the development of the productive forces. Productive forces are in a process of constant development. Running parallel with this, socialist democracy can only be in a process of constant improvement and development, and cannot be achieved overnight. We can only speed up this process under favorable conditions.

Judging from the present practical conditions in our country, basically speaking, democratic life can only be further developed when the level of productive forces has been enhanced to a higher level. Only when the productive forces have been greatly increased and people spend less time on producing means of subsistence they need will they have sufficient time to participate in the administration of the state and social activities and fully exercise their democratic right. Only when the productive forces have been greatly developed are we able to use more human and material resources to develop scientific and cultural undertakings so that millions upon millions of the people will have the cultural and scientific knowledge and administrative ability needed by their participation in political activities and will exercise their rights to supervise and to vote and to stand for election. Only when the productive forces have been greatly developed will the society be able to provide sufficient material conditions so that the people can enjoy their democratic rights and to guarantee that people can fully exercise their democratic rights. We should soberly realize that although our country's Constitution stipulates the broad democratic rights for the masses, due to the restriction of our productive forces and the restriction of material and cultural conditions connected with productive forces, conditions should constantly be created in order to fully exercise such democratic rights. We are not allowed to put forth a certain demand on expanding democratic life in excess of objective conditions. We can only speed up the building of democracy within a scope permitted by the development of our productive forces, and constantly march toward the goal of an ample democracy.

Judging from the relations between economic structural reform and the building of democratic politics, we know that economic reform is a matter of great significance in creating social and historical conditions for socialist democratic politics. Today, one of the important contents of our economic structural reform is that under the condition of strengthening macroscopic control, we expand decisionmaking power of enterprises in operation and management, change the situation of rigid and excessive state control over enterprises, and march in the direction of separating government administration from the management of enterprises. We strengthen and improve the market system, and create an environment of equal competition on a larger scale. We also expand democratic management rights of workers and staff members inside enterprises. [paragraph continues]

All these are actually creating conditions for developing democratic politics, fostering socialist consciousness among citizens, and developing the ideas of equality and democracy. The road of economic reform is by no means smooth, and a longer process of development is needed. This has determined that a longer process of development is also needed for the building of democratic politics. Like the "Great Leap Forward" and "poor transition" in the economic field, any political attempt to promote a "Great Leap Forward" in the building of democracy in excess of conditions permitted by economic relations will only end up in obstruction and trouble, or distortion of the building of democracy. This will harm the overall scheme of the entire socialist modernization.

As far as the relations between the building of spiritual civilization and the building of democratic politics are concerned, we know that the speed and process of the building of democratic politics are connected with the speed and process of the ideological and cultural construction. In the process of establishing Western bourgeois democratic politics, the renaissance and the enlightenment, which developed with the growth of capitalist commodity economy, played a great role in repudiating feudal theology and autocracy, in promoting bourgeois democratic revolution, in enhancing national consciousness, and in improving the quality of national culture. In the modern history of our country, with the development of political and economic revolution and evolution, the New Culture Movement initiated by the 4 May Movement, the rectification campaign and cultural and educational work carried out by the CPC in various revolutionary bases, the ideological education, and cultural and educational construction conducted throughout the country after the founding of New China also played a great role in inspiring our national and democratic spirit, disseminating revolutionary ideology, and freeing our people from the mental and spiritual burden left over from the old society. However, due to the restriction of historical conditions and our subjective mistakes, we are now facing a strenuous task in the building of spiritual civilization. Putting aside other matters for the time being, let us discuss the fact that there are still a large number of illiterate persons in our country. Lenin said: "Illiterate persons stay aloof from politics." ("Complete Works of Lenin," Vol 33, p 59) Those who are unable to write or read, very often know nothing about law, science and democracy. This situation has determined that building socialist democratic politics is a long-term and strenuous task, and that painstaking and strenuous efforts must be exerted for a long time to carry out ideological and cultural construction. The "Resolution on the Guiding Principles for the Building of Socialist Spiritual Civilization" adopted by the 6th Plenary Session of the 12th CPC Central Committee has worked out a program for actions in this regard. This program is becoming a great driving and mobilizing force speeding up ideological and cultural construction in our country. It has also become a great driving power for the building of democracy. If we neglect this fact, and try to mechanically copy bourgeois democratic politics, which can only be used for reference, or turn the orderly action of promoting ideological, cultural construction under the leadership of the party Central Committee into a disorderly blind action, or turn the building of democracy in a down-to-earth manner into an empty slogan shouting for democracy, it is obvious that all these can only be harmful.

Today, as far as our socialist democratic and political building is concerned, it has not only been restricted by our economic, ideological and cultural conditions, but also follows an objective law governing its development. Its characteristics are completely different from those of the bourgeois democratic politics. Our socialist democratic and political building is characterized by its gradual advance, orderly progress and thoroughness. The so-called gradual advance means that it is not a revolution by which one class overthrows another, and that it is not a sudden change like a violent storm. Instead it is a self-improvement of the socialist system, which constantly strengthens the building of the democracy of the whole society in the course of the self-development and self-improvement of the Marxist political party and the socialist state. [paragraph continues]



The so-called orderly progress means that it is not a struggle which mainly relies on the spontaneous activities and support of the masses. Instead it means sticking to the socialist orientation, constantly improving and strengthening a leadership system based on democratic centralism, observing strict discipline and doing things in an orderly way under the leadership of the CPC, and the guidance of Marxism. The so-called thoroughness means that we should regard ample democracy and true people's democracy as our objectives of struggle. We should thoroughly bury the remnants of feudal autocracy and thoroughly discard the sham democracy of the bourgeoisie. History has proved that a political environment of stability and unity is a prerequisite for creating a vivid and lively political situation. It is also an indispensable condition for the building of socialist democratic politics. Using a legal system and discipline to dispel unrest, and using people's democratic dictatorship to overcome chaos is an indispensable measure for guaranteeing that people will fully exercise their various democratic rights.

In a word, only by observing the problem of the building of socialist democratic politics from the high plane of the overall scheme for socialist modernization can we clearly discern the objective trends of development of the building of socialist democratic politics, and firmly and correctly establish the concept of socialist democracy. Only thus can we make a beneficial contribution to this undertaking in both theory and practice.

#### GUANGMING RIBAO ON MARXISM, HUNDRED SCHOOLS

HK261526 Beijing GUANGMING RIBAO in Chinese 19 Feb 87 pp 1, 4

[Article by Qi Ping (4359 1627): "It Is Necessary To Take Marxism as the Guiding Ideology in 'Letting a Hundred Schools of Thought Contend'"]

[Text] Whether a guiding ideology is needed in "letting a hundred schools contend" is a controversial issue. Some people hold that since our principle is to "let a hundred schools of thought contend," there is no need to take Marxism as a guiding ideology. In actual fact, the contending schools of thought include idealists, theists, and so on. We can neither prohibit these people from participating in any academic debate, nor demand that their views be in keeping with Marxism. Therefore we had better not set a guiding ideology in "letting a hundred schools of thought contend." Actually what is the correct view on this issue? In my opinion, we must after all set a guiding ideology in "letting a hundred schools of thought contend." Here I mean marxism as the guiding ideology, which is provided by the nature of our state. In our country, academic development means the development of schools of thought that are advantageous to socialism. No matter what views and opinions the contending schools hold, the prerequisite is that they must aim at developing and promoting thoughts that are advantageous to socialism. And socialism is in its turn a social system founded on the basic principles of Marxism. It must take Marxism as its guiding ideology in the political, economic, cultural, academic, and all other fields. The case of "letting a hundred schools of thought contend" is naturally not an exception.

Comrade Mao Zedong pointed out: "Literally the two slogans -- let a hundred flowers blossom and let a hundred schools of thought contend -- have no class character; the proletariat can turn them to account, and so can the bourgeoisie or others." (On the Correct Handling of Contradictions Among the People) In other words, although literally the slogan of "letting a hundred schools of thought contend" has no class character, it will serve whatever class turns it to account. Why does a socialist society have to "let a hundred schools of thought contend"? [paragraph continues]

Comrade Mao Zedong clearly answered this question at that time: "The two slogans were put forward in the light of China's specific conditions, in recognition of the continued existence of various kinds of contradictions in socialist society and in response to the country's urgent need to speed up its economic and cultural development." ("On the Correct Handling of Contradictions Among the People") There is a very definite purpose -- they were put forward to meet the needs of socialist revolution and construction. Therefore, from the very beginning this is not a contention for the sake of contention, still less an unfruitful debate in a club where its members just say what they like to say. The central purpose of debates between various different views is nothing but the development of schools of thought advantageous to socialism and the promotion of socialist modernization. Then in what way is Marxism to be taken as the guiding ideology in the contention between different schools of thought? In my opinion, it does not imply that a certain debator or his views should be submitted to the guidance of another debator or his views. Every debater, whether he is a specialist or an authoritative person, no matter what position he is holding, should be regarded as a member of one of the "hundred schools of thought" and be treated equally, so long as he really intends to explore a certain academic field. The guidance of Marxism is, for the most part, reflected in the party's principles and policies concerning the practice of "letting a hundred schools of thought contend." For example, debaters are encouraged to study and put forth questions by taking a Marxist stand, applying Marxist points of view, and using Marxist methods. Debaters holding different academic views are encouraged to freely discuss them with each other. All are welcomed, so long as they are studying issues conscientiously and in a down-to-earth manner and so long as their views are well grounded. We should particularly encourage debaters to show their courage in theoretical exploration. Mistakes committed in the course of exploration of new academic areas and new disciplines must be allowed and the chance should be given to debaters to correct their mistakes. It is necessary to take a correct attitude toward erroneous and non-Marxist views. In encouraging debaters to try their best to adopt a Marxist stand, applying Marxist views, and using Marxist methods. We do not mean to prohibit or restrict followers of idealist or non-Marxist views from participating in debates. The emergence of idealist or non-Marxist views in "debates" is a normal phenomenon. The only way to cope with this is to enhance the debaters' academic standard and their understanding of Marxism through the practice of "debates." At the same time, we must be aware that some debaters, such as idealists and believers of religions, do not believe in Marxism. They should be welcomed to join the debates since they can possibly put forth some valuable academic views which should be regarded as a part of the socialist culture and be given due attention. Those who hold to erroneous viewpoints should also be allowed to take part in debates and to have reservations. What is more, academic issues cannot be resolved by administrative decrees and it is necessary to earnestly protect the viewpoints of minority factions since truth is sometimes on their side. All these are in keeping with the party's policy of "letting a hundred schools of thought contend." Marxist guidance means a guidance based on the party's policies, and it is for a definite purpose, namely, to serve socialism.

Some people think that Marxist guidance over the practice of "letting a hundred schools of thought contend" will inevitably hinder the free discussion of academic issues. This view is incorrect. There are two possible causes for this misconception. First, those people holding this view have regarded Marxism as just one of the "hundred schools of thought." To them it seems that the 99 other schools are in opposition to Marxism. Thus, according to their logic and given Marxism's guidance and domination over the 99 other schools of thought, they would conclude that the setting up of a guiding ideology will hinder free discussion. As everyone knows, the so-called "hundred schools of thought" is just a figure of speech denoting many factions holding to different views and taking part in debates. It is not true that all academic views necessarily bear a political implication. [paragraph continues]

In other words, it is not true that they can necessarily be clearly classified in Marxist, non-Marxist, or anti-Marxist schools. In fact, different people applying the Marxist stand, viewpoint, and methods to the study of a specific issue may produce different conclusions due to their different understandings of Marxism, the different information available to them, and their different ways of thinking in analyzing the issue. Thus it can be seen that it is improper to simply regard Marxism as just one of the "hundred schools of thought," and it is still more improper to conclude that the principle means the domination of a single school of thought over the 99 other schools. Second, it is also wrong to interpret Marxism's guidance as the guidance of a certain debater or his views over other debaters or their views. Such an interpretation may lead to two possible situations unfavorable to debates: In the first case, everybody will claim that his view is in keeping with Marxism and accuse others of deviating from Marxism; in the second case, people will not dare play an active part in debates, being afraid that they will deviate from the Marxist views in debates. Both tendencies are undesirable. In fact, since it is generally difficult to distinguish right from wrong regarding some academic or theoretical issues, we cannot judge which view is absolutely correct and which is absolutely incorrect in the course and especially at the very beginning of a debate. After conscientious discussion, nevertheless, the views that conform with Marxism will naturally be accepted by the majority of people while erroneous views will be gradually modified or forsaken, thus our knowledge of a specific academic issue will be upgraded.

Obviously Marxism's guidance and the free discussion on academic issue are not contradictory. The so-called "free discussion" means the freedom to voice different opinions on a certain academic issue. For example, with regard to the question on the motivating force for the historical development of class society, some people argue that class struggle is the main motivating force for the development of history; some believe that the growth of the productive forces is the main motive force for historical progress; yet some advocate the joint force theory which suggests that the historical development of society is the joint effect of many factors. With regard to the discussion on the feudal land ownership system of China, some people hold that as all land under the sun belonged to the king in the past, land always remained the state's property; but some people think that land was private property in feudal society since it was always at the landlords' disposal and could be bought or sold freely. Besides, appraisals vary considerably on many historical figures, such as Confucius, Qin Shi Huang, Cao Cao, Wu Zetian, Li Zaocheng, Hong Xiuquan, Sun Yat-sen, and so on. People should be allowed to voice different opinions on academic issues like these. Although opinions vary remarkably in debates on these issues, the intention of most debaters is to promote the socialist academic development and they deserve support and protection. However, there is another tendency -- some people or some journals have one-sidedly emphasized the importance of "new ideas" as they call them. While voicing some absurd views or deviating from the Marxist view, they have shown little interest in articles upholding Marxism or discussing Marxist views; or they have criticized these articles as conservative, or simply refused to publish them. Their practice is of course wrong. It is certainly wrong to interpret "free discussion" as the right to say what one wants to say, to publish whatever articles one wants to publish, to reject articles that support the four cardinal principles, to ignore social effects, and to forsake the principle of serving socialism. I suggest that academic and political issues be separated since they fall in two different categories. In the past, due to "leftist" influence, academic issues were equated to political issues, academic debates were equated to class struggle, and different academic views were regarded as representing the interests of different classes. These practices were certainly wrong. [paragraph continues]



However, this never means that academic issues can be regarded as irrelevant to politics and the socialist cause. If the policy of "letting a hundred schools of thought contend" can stand aloof from the socialist system, then what is the use of the proletariat encouraging "a hundred schools of thought to contend"? To be sure, academic activities are not subordinate to politics, and they will be vulgarized if they are mechanically linked to politics. However, academic activities after all cannot be divorced from politics, and any study of social sciences that is divorced from the reality will be rendered lifeless. The relations between social sciences and reality are twofold. Positively, social sciences can give an impetus to the progress of social history; and negatively, they may act as a hindrance. Therefore, when any class (progressive or reactionary) uses the policy of "letting a hundred schools of thought contend" to conduct academic debates, this policy will inevitably be confined by the interests of this specific class. That kind of so-called "free discussion" which is claimed to be purposeless has never existed and is actually impossible.

Talking of the purpose of the policy of "letting a hundred schools of thought contend," one will naturally think about the dispute over the policy as ends or means. Some people reckon that the policy of "letting a hundred schools of thought contend" is the end. They believe that what we need is to start the "debate," and there is no need to bother to look into the rights and wrongs of the views voiced in the debate. Other people hold that the policy of "letting a hundred schools of thought contend" is merely a means, and the proletariat's purpose in encouraging "contention between different schools of thought" is to promote academic activities and culture advantageous to the socialist state by implementing the policy as a means. Therefore, it is necessary to set a guiding ideology in letting a hundred schools of thought contend. In other words, the debate must be conducted under the guidance of Marxism. I am in favor of the latter view for three reasons:

1. As has been mentioned above, the proletariat's purpose in encouraging "a hundred schools of thought to contend" is to promote academic activities and culture that are advantageous to socialism.

2. The policy of "letting a hundred schools of thought contend" serves the socialist interests as a whole. No matter how remarkably the opinions vary on academic issues, all the debating parties should be subordinate to the overall interests of the socialist state. In other words, it is necessary to straighten out the ideological guideline for the "debate." Some views supporting bourgeois liberalization are obviously harmful, such as the view preaching "wholesale Westernization," that stresses the need for "making up the missed lesson of capitalism," and so on. These are political issues rather than academic issues. No one should be allowed to preach bourgeois liberalization by making use of academic debates and taking advantage of the policy of "letting a hundred schools of thought contend." In case of such attempts, scholars of our socialist society are responsible for waging necessary criticism against these harmful views or for revealing the truth.

3. Another purpose in encouraging "a hundred of schools of thought to contend" is to foster through debates a contingent of Marxist scholars. Just as Comrade Mao Zedong pointed out, in socialist society, "Marxism must continue to develop through struggle.... and this is not only true of the past and the present, it is necessarily true of the future as well. What is correct invariably develops in the course of struggle with what is wrong." ("On the Correct Handling of Contradictions Among the People") [paragraph continues]

Only by actively taking part in the "contention between a hundred schools of thought," opening up new areas for debate, and exploring and putting forth new issues, can those scientific workers who uphold or are willing to uphold Marxism verify and develop their academic views through the practice of debate. How can we prove that our views are in keeping with Marxism if we do not participate in any debate and present any of our views? Therefore, the vast number of academic workers should conscientiously apply the Marxist stand, views, and methods and play an active part in the "contention between a hundred schools of thought" regarding their own specialized...Fields. This is the way to foster a strong contingent of socialist academic workers with great combat strength, and this of great significance to both the socialist revolution and construction of our country.

#### RENMIN RIBAO ARTICLE ON FOUR CARDINAL PRINCIPLES

HK131420 Beijing RENMIN RIBAO in Chinese 13 Feb 87 p 4

[Article by Liu Hanshen (0491 3352 2823), secretary of the Guizhou Provincial Discipline Inspection Committee of the CPC: "Adhering to the Four Cardinal Principles Is the Most Important Political Discipline of the Party"]

[Text] The current struggle against bourgeois liberalization has a bearing on the destiny of our party and state, the future of socialism, and the success of the overall reform and opening up to the outside world. All party members must stand in the forefront of the struggle with a clear-cut stand and most strictly observe and resolutely safeguard the party's political discipline.

The most fundamental reason that our party members has a strong fighting power is that the broad masses of party members are politically unanimous and are fighting conscientiously for the realization of their communist ideals. In the current stage, they are devoting themselves to the building of socialism with distinctive Chinese characteristics. The four cardinal principles put forth by the CPC Central Committee form the foundation of our party and state. They are the fundamental guarantee for the victory of our socialist cause. Just as was clearly pointed out by the Party Constitution adopted by the 12th CPC National Congress: "The political basis for the solidarity and unity of the whole party consists in adherence to the socialist road, to the people's democratic dictatorship, to the leadership of the party, and to Marxism-Leninism-Mao Zedong Thought and in the concentration of our efforts to socialist modernization." This means that the four cardinal principles have been solemnly included in our party Constitution. Therefore, to adhere to the four cardinal principles, to oppose bourgeois liberalization, and to maintain unanimity with the CPC Central Committee politically and ideologically are the political discipline that all party members should strictly observe.

The great majority of our party members strictly observe the political discipline of our party. They are adhering to the four cardinal principles in the course of reform and opening up to the outside world and taking them as the yardsticks of their words and actions, thus ensuring the solidarity and unity of the party and promoting the vigorous development of our party's cause. However, there are actually a small number of party members and cadres who have gone so far as to attack the four cardinal principles, advocate "all-round Westernization," attempt to "change the color of the party," and take the capitalist road. Since they have run counter to the four cardinal principles, which means violation of the party Constitution and failure to meet the most basic requirement of a Communist Party member, it is entirely necessary to take disciplinary measures against them.



In his speech at the central work conference held in December 1980, Comrade Deng Xiaoping pointed out clearly: "As required by the Party Constitution, the party's organizations at all levels and all members should act in conformity with decisions taken by higher organizations and, in particular, identify themselves politically with the Central Committee. This is of special importance now. The party should take disciplinary measures against anyone violating this principle." All Communist Party members should resolutely and firmly implement the party's line, policies, and principles. Should they have any different views on the major and important policies and principles put forth by the Central Committee, they can air their views through normal organizational procedures. But they are never allowed to go their own way or to openly publish opinions that oppose the party's line, policies, and principles, nor are they allowed to take actions that run counter to the decisions and resolutions of the Central Committee. Otherwise, since that would violate the party's political and organizational discipline, they will surely be punished by the party's discipline.

The Discipline Inspection Commission and cadres must take safeguarding the party's political discipline as their most important task. Anyone who deviates from the four cardinal principles and violates the party's political discipline should be dealt with seriously. We must unite with the comrades both inside and outside the party under the leadership of the CPC Central Committee and the party committees at all levels and work hard to ensure the smooth progress of our reforms.

#### VICE MINISTER INTERVIEWED ON EDITOR'S SUSPENSION

HK260619 Hong Kong MING PAO in Chinese 23 Feb 87 p 2

["Special dispatch" from Kunming by reporter Lin Tsui-fen (2651 5050 5258): "Vice Minister of the State Nationalities Affairs Commission Says Things Similar to Liu Xinwu's Suspension From Duty Will Not Occur in Hong Kong after 1997"]

[Text] In the struggle against bourgeois liberalization, prominent writer Liu Xinwu has been temporarily relieved of his post as editor in chief of the literary journal RENMIN WENXUE for publishing a novel regarded as vilifying and insulting the Tibetan people. In an interview with this reporter, Mrs Chen Xin, vice minister of the state Nationalities Affairs Commission (Nationalities Commission for short) and a member of the Basic Law Drafting Committee, said: Similar things will not occur in Hong Kong after 1997 in view of the policy of one country, two systems.

Chen Xin said: The author of the novel, Ma Jian, was formerly a member of the Chinese Photographers Association, and it is said that he has come to Hong Kong.

The reporter asked her why, since the plot of a novel can be made up and a novel is different from reportage and press reports, a novel should be so censured in China and even lumped together with the ideological trend toward bourgeois liberalization?

She answered: The socialist literary creation of our country should serve the people, show consideration for social responsibility, and encourage the people to make progress. The contents of a novel can be made up but they should in no way be exaggerated, nor should they insult the Tibetans, nor touch particularly on problems regarding minority nationalities which are very sensitive in our country. If the problems are not properly handled, they may invite trouble and affect the country's political stability and unity.

"The struggle against bourgeois liberalization is restricted to the political and ideological fronts only, but literature should safeguard the four cardinal principles because it belongs to the ideological field."

Chen Xin said: After the novel "Show Your Tongue Coating or Nothingness" was published in this year's combined first and second issues of the journal RENMIN WENXUE in early February, teachers and cadres of the Central Institute of Nationalities were very upset and the office of the Nationalities Commission was burdened with frequent complaints via the telephone. She said that she had read the novel and found its contents related to celestial burial and incest.

"China is a multinational country, and every nationality has its own social customs. They should be mutually respected and should not be vilified and exaggerated. In particular, it is inadvisable to bring up some undesirable customs established a long time ago, to avoid hurting national feelings. Minority nationalities should no longer be discriminated against and China needs a political situation marked by stability and unity."

She pointed out: Last year Tibetan students of nationalities institutes in some areas made trouble just because a newspaper carried an article depicting the Tibetans as savage and even as drinking ox blood. Meanwhile, in Shanghai, Tibetan students even complained about an oil painting portraying celestial burial.

Earlier, the film "Merciless Love," in which Liu Xiaoqing plays the leading role, was banned because it involves the question of the Tibetan people. Chen Xin also disclosed: At first the former head of the Central Propaganda Department agreed to have the film shown "because he thought anyway, it is a film. However, many Tibetan people asked for it to be banned. Our policies do not allow the feelings of minority nationalities to be hurt."

"During the student unrest which swept the whole country last autumn, no students of minority nationalities took part, and they acted correctly. However, if incidents of insulting minority peoples occur again and again, it is hard to say there will not be disturbances."

The reporter asked: If a similar article appears in a Hong Kong journal after 1997, will it be labeled as undermining national unity? Chen Xin replied: The policy of "one country, two systems" will be implemented in Hong Kong after 1997, and the central government will therefore not interfere. But this also shows that the Hong Kong people do not have a good understanding of the situation in China. (Chen Xin is a member of the Residents' Rights and Duties Group under the Basic Law Drafting Committee).

The former general secretary of the United Front Work Department of the CPC Central Committee also said: The journal RENMIN WENXUE, as the organ of the Chinese Writers Association, should have a good literary and artistic style and should not be affected by the ideological trend of bourgeois liberalization.

Speaking of Liu Xinwu being temporarily relieved of his post as editor in chief of the journal and told to make self-examination, Chen Xin also admitted that Liu himself is a good writer because he wrote excellent literary works such as "Bell Tower." However, as editor in chief of the journal he must bear responsibility for the incident. It seems likely that he will be reinstated some time later after making self-examination.

When asked whether the State Nationalities Affairs Commission had exerted pressure upon the Chinese Writers Association after the incident occurred, Chen Xun said: The "Nationalities Commission" made suggestions to the Central Propaganda Department, and the Central Propaganda Department should take the party's policies toward minority nationalities into consideration. (Note: The forum criticizing the novel, which was held in Beijing on 20 February, was cosponsored by the State Nationalities Affairs Commission and the Chinese Writers Association).

BEIJING JOURNALISTS CRITICIZE LIU BINYAN

OW250841 Beijing XINHUA Domestic Service in Chinese 0203 GMT 25 Feb 87

[Text] Beijing, 25 Feb -- Representatives of press circles in the capital recently held a forum at the All-China Journalists Association, analyzing and criticizing Liu Binyan's erroneous statements and acts of opposing the four cardinal principles while advocating bourgeois liberalization.

Speaking at the meeting, RENMIN RIBAO Deputy Chief Editor Lu Chaoqi said: In some of his statements and articles, Liu Binyan described the four cardinal principles as "an obsolete and outworn concept which has many times led China to disaster, and a petrified and dogmatized idea whose words may be beautiful but whose contents appear to be conservative or even reactionary"; on the other hand, he vigorously glorified capitalism by saying that any problem which arises in a capitalist society can be "solved or amended by the operation of its own mechanisms." He also advocated bourgeois "democracy and freedom." Liu Binyan violated the party Constitution, party discipline, and party resolutions by repudiating the four cardinal principles and advocating bourgeois liberalization; therefore, the party Discipline Inspection Commission of RENMIN RIBAO decided to expel him from the party. The attitude of the RENMIN RIBAO party organization in handling the Liu Binyan case was an earnest one and one of seeking truth from facts.

Reviewing Liu Binyan's reports and newsletters, Lu Chaoqi said: Liu Binyan looked at today's Chinese society through a pair of colored glasses. What he saw was complete darkness devoid of any light. His motive in writing these articles, in his own words, was "to reveal a truth, namely, the corruption within the CPC: The CPC officials' dereliction of duty has enabled criminal elements to have their way and has become the soil for the existence and development of such corrupt elements as Wang Shouxin." What he revealed was not this or that corrupt practice but the root, or soil, of these malpractices; in other words, that "the CPC is corrupt." As a result, his works could only undermine the people's morale and stir up their dissatisfaction with the party.

Lu Chaoqi said: Correct discussion and exposure of the dark side of the party and of society and the proposed criticism and self-criticism of various publications are welcomed by the party and the people, for they will help us overcome difficulties emerging on our way to progress, will enhance our courage and strength in correcting our shortcomings and mistakes, and will help us move forward along the course followed since the 3d Plenary Session of the 11th CPC Central Committee. However, remarks such as Liu Binyan made will only cause skepticism and despair among the people about party leadership and socialism, for they confuse Yanan with Xian, principal with secondary aspects, and judge the whole by the party without a realistic analysis by mistaking the part for the whole, regarding the corruption of some individuals or of a small number of people as that of the CPC, and viewing the world-recognized great advance in Chinese history as a "retrogression in history".



Lin Feng, head of the Journalistic Theory Research Office of the XINHUA Journalism Institute, said: Liu Binyan wrote quite a few "reportages" in the name of "criticism." Being based on unfounded reports, his articles were often confusing to readers. However, Liu Binyan said that although certain details of his works seemed unrealistic, they were essentially true. His so-called idea of being essential true was to expose the "corruption of the CPC." We now know that what he said in his works was not always true. There was distortion, onesidedness, and even falsehood confounded with truth. They misled some uninformed people to mistakenly believe that the CPC was really corrupt and the socialist system was indeed no good. His works had a pernicious impact on society. Liu Binyan's articles vilified the party in the name of criticism. Violating the party's decisions and defying facts, Liu Binyan exaggerated certain shortcomings and errors which the party had already rectified or was trying to rectify as "corruption" and "degeneration" of the party. If he was not trying to vilify the party and socialism, what was he after?

In his speech, Zheng Huanzhen, director of ZHONGGUO SHUILI DIANLI BAO [0022 0948 3055 0448 7193 0500 1032 CHINA WATER RESOURCES AND ELECTRIC POWER NEWS], called attention to a reportage, entitled "The Ancient Castle, past and Present," in which Liu Binyan described the Northwest Electric Power Designing Academy. He said: Liu Binyan had never set foot on the Northwest Electric Power Designing Academy and, basing himself on onesided information supplied by certain people, depicted the academy as a dark "ancient castle" while disregarding facts. By so doing, Liu Binyan, in his own words, wanted to seize a "typical example" to warn society about the "crisis" confronting China. He was exploiting the readers' mentality of trusting the reliability of reportages in general so as to distort reality by confounding truth with falsehood and deceiving ordinary people.

Journalists of JIEFANGJUN BAO, JINGJI RIBAO, GUANGMING RIBAO, and WENHUI YUEKAN [2429 0565 2588 0436 WENHUI MONTHLY] and professor Kang Yin of the Central Broadcasting Academy also spoke or presented written statements at the forum.

#### AI ZHISHENG VIEWS TELEVISION SUBJECT MATTER

OW260031 Beijing XINHUA Domestic Service in Chinese 0820 GMT 25 Feb 87

[By reporter Xiao Ying]

[Excerpts] Xiamen, 25 Feb (XINHUA) -- A recent National TV Subject Material Planning Meeting, Ai Zhisheng, minister of radio, cinema and television, emphatically pointed out: Opposing bourgeois liberalization will certainly not affect the screen's variegated display.

Ai Zhisheng said: We must adhere to the four cardinal principles and oppose bourgeois liberalization. But we must not confuse everything with bourgeois liberalization. Moreover, we should positively permit a variety of artistic styles, subject matter, and forms to promote creation in artistic skills and expression.

Ai Zhisheng said: In the preceding period, a number of artistic works were divorced from the history of the people's revolutionary struggle and the realities of the present struggle waged by hundreds of millions of people for the four modernizations. They indulged in novelties or trivialities of everyday life, or even merely depicted the seamy side of society. These phenomena were abnormal.

He said: It is necessary to write about the present, as well as history and the struggles at every revolutionary period. But, whether they are about history or the present, they must educate, and have a positive influence on, the people, particularly the young. [passage omitted]

This meeting was held in Xiamen between 16 and 21 February. According to the production plans for TV films, presented by film-production units from all localities, most films will deal with current realities of life and with revolutionary history. Historical subjects will also capture a considerable percentage. The life and struggles of minority nationalities will find expression on the TV screen too.

#### LI PENG PRAISES TRAINING OF MANAGEMENT CADRES

OW201244 Beijing XINHUA Domestic Service in Chinese 1522 GMT 19 Feb 87

[Text] Beijing, 19 Feb (XINHUA) -- Vice Premier of the State Council Li Peng said today that facts had proven that training managerial cadres through the close integration of schools and enterprises is a promising and vigorous form of education, adding that it is a part of China's higher education and one of the means of training operational and managerial personnel.

Li Peng made these remarks at a discussion meeting with the students of the third research class for the directors of the economic managerial cadres institutes of the industrial, transportation, finance, and trade systems throughout the country.

Comrade Li Peng said that China's education of managerial cadres has been developed by inheriting Yanan's fine tradition of learning what is applicable to one's work. This form of education is playing a new role in the new situation of reforms, opening to the outside world, and large-scale economic construction. We must persist in the policy on reforms and opening to the outside world. The main task of reform this year is further invigorating our enterprises and enhancing their enthusiasm. To run our enterprises well, we need a large number of technical personnel as well as a large number of business managerial personnel. This means that we must develop our education for economic managerial cadres. Of course, we must also have capable and skilful workers, because they are the mainstay of enterprises.

Li Peng said that the economic managerial cadres institutes run by various departments and areas are mainly for training managerial personnel for enterprises. Therefore, they should stress job training. Job training and continued education should be upheld for a long time to come, but formal education is also necessary in a given period of time. Nevertheless, education for in-service cadres should suit the needs of China and its enterprises and should differ slightly from that in ordinary schools of higher learning. Some technical personnel who are experienced in management may obtain double degrees after attending managerial cadres colleges. In-service students may temporarily leave their posts for further studies, or they may attend school during their spare-time. They will be given a degree if they pass the examination after earning the required credits.

Touching on the source of qualified teachers for managerial cadres colleges, Li Peng said that the method of many channels should be adopted to solve this problem. These colleges, however, should build a stable contingent of specialized teachers for themselves, for this is the fundamental principle for running such colleges or institutes well. As contemporary technology and managerial know-how develop rapidly, it is also necessary for managerial cadres colleges to hire some part-time teachers from ordinary colleges and from enterprises.

LI PENG ADDRESSES CHEMICAL INDUSTRY CONFERENCE

OW260217 Beijing XINHUA Domestic Service in Chinese 1321 GMT 25 Feb 87

[By RENMIN RIBAO reporter Jiang Shaogao, XINHUA reporter Zhao Mingliang]

[Text] Beijing, 25 Feb (XINHUA) -- In order to achieve modernization, a nation must vigorously develop its chemical industry, because it is a basic industry, as well as one aiding agriculture and providing raw materials, Li Peng, vice premier of the State Council, pointed out in Beijing today.

Vice Premier Li Peng made the above remarks after hearing a report at the National Conference for Department Heads and Bureau Chiefs of the Chemical Industry. He said: The chemical industry has developed rapidly over the 30 years since the founding of New China. In the light of China's specific conditions, the chemical industry has promoted cooperation between large, medium-sized, and small chemical industrial plants, carried out technical transformation by tapping potential, paid attention to introducing advanced foreign technology, greatly boosted production of a wide range of chemicals, and made great contributions to the four modernizations drive.

Li Peng continued: To invigorate the enterprises, we must deepen reform and take the building of the two civilizations seriously. We must carry out positive education among enterprises to oppose bourgeois liberalization politically and ideologically. At the same time, we must continue to adhere to the policy of enterprises, we must not only mobilize the workers' initiative and implement the principle of distribution according to work, but must strive to enhance the enterprises' capability for self-transformation and self-development.

Li Peng added: In reforming the enterprises, we must simultaneously expand their decisionmaking powers and promote cooperation. The chemical industrial departments of Sichuan Province have merged the small chemical fertilizer plants production nitrogenous and phosphate fertilizers into combined undertakings to produce compound fertilizers. This is a prime example of such cooperation. By forging such cooperation, we can improve product mix and economic efficiency, as well as enhance the enterprises' capability for self-transformation.

Dwelling on the three "regulations" for enforcing the plant director responsibility system among enterprises, Li Peng pointed out: Following implementation of the plant director responsibility system among enterprises, a plant director is accountable, not only to the workers and staff, but to the state and development of the enterprise as well. With greater decisionmaking powers, a plant director must set targets for his term of office, and map out long-term plans. He must not only rely on material incentive in mobilizing the workers' initiative, but must bring into play the role of moral encouragement. In other words, he must simultaneously promote both material and spiritual civilizations. He must also strengthen ideological and political work within the enterprises through education on hard work and plain living.



LI PENG ADDRESSES INDUSTRY COMMISSION MEETING

OW250321 Beijing XINHUA Domestic Service in Chinese 1302 GMT 24 Feb 87

[By RENMIN RIBAO reporter Wang Yantian and XINHUA reporter Li Anding]

[Text] Beijing, 24 Feb (XINHUA) -- The creation of the State Machine-Building Industry Commission as an experiment in the organizational reform of state organs has been smoothly completed, and this new organization has gone into operation. A meeting was held in Beijing today to mark the establishment of the State Machine-Building Industry Commission.

On behalf of the State Council, Vice Premier Li Peng attended the meeting to extend congratulations on the establishment of the state commission. He pointed out: The State Machine-Building Industry Commission was set up after the Ministry of Machine-Building Industry and the Ministry of Ordnance Industry were disbanded. It is the State Council's functional department in charge of the machine-building industry across the country. The establishment of the State Machine-Building Industry Commission was necessitated by the development of economic structural reform, and it is also a kind of exploration into the political structural reform of our country. The State Machine-Building Industry Commission is not a simple combination of the Ministry of Machine-Building Industry and the Ministry of Ordnance Industry, but represents a change from direct control over enterprises to industrial management. It will provide necessary macroeconomic guidance for, and exercise necessary macroeconomic control over, the machine-building industry as a whole. To carry out this reform, it is necessary to have a new work style and new work methods, and to pay close attention to unity and cooperation.

Li Peng said: The State Machine-Building Industry Commission should formulate principles, policies, and regulations on the basis of study and investigation to guide all its work. At the same time, it should provide good services and surmount difficulties for enterprises and basic units. The State Machine-Building Industry Commission is set up in order to overcome bureaucracy, improve work efficiency, develop production of machinery, and serve the four modernizations.

It is reported that, on the principles of simple administration, unification, and efficiency, the number of departments and bureaus listed in the table of administrative organization of the State Machine-Building Industry Commission has been reduced from 38 to the current 27, and the number of personnel has decreased from more than 3,400 to 1,000. Personnel who are not employed by the new organization will be assigned to enterprises and institutions in Beijing directly under the State Machine-Building Industry Commission or to other units.

As required by the change of functions, the State Machine-Building Industry Commission has set up a number of departments capable of industrial management. Under the minister of the State Commission, a director general is appointed to take charge of military industry, originally managed by the Ministry of Machine-Building Industry and the Ministry of Ordnance Industry.

At today's meeting, Zou Jiahua, minister of the State Machine-Building Industry Commission, indicated: In the management system for the machine-building industry, three changes should be effected as soon as possible.

It is necessary to change the situation in which the responsibilities of enterprises are not separated from those of administrative departments, and to switch from control mainly over microeconomic activities to that mainly over macroeconomic activities; change the situation in which barriers exist between different departments or regions, and switch from departmental management to industrial management; and change the situation in which only administrative means are relied on as controls, and switch from direct management to indirect control, in order to gradually institute a new system of unified planning and coordinated development for the machine-building industry.

DENG LIQUN, LI RUIHUAN AT IDEOLOGICAL MEETING

OW250103 Beijing XINHUA Domestic Service in Chinese 1517 GMT 24 Feb 87

[By reporters Zhang Hongwen and Ma Ping]

[Excerpts] Tianjin, 24 Feb (XINHUA) -- The third annual meeting of the China Society for Study of Ideological and Political Work of Workers opened in Tianjin today. Over 400 ideological and political workers and party committee leading cadres of enterprises throughout the country will discuss the central topic of upholding the four cardinal principles and strengthening and improving ideological and political work at enterprises.

Deng Liqun, member of the Secretariat of the CPC Central Committee, as well as officials from relevant central departments and commissions and the All-China Federation of Trade Unions attended the meeting.

Yuan Baohua, deputy secretary of the party group and vice chairman of the State Economics Commission, spoke at the meeting. [passage omitted]

Li Ruihuan, deputy secretary of the Tianjin Municipal CPC Committee and mayor, also spoke at the meeting.

Zhao Yinhua, vice president of the China Society for Study of Ideological and Political Work of Workers, delivered a work report at the meeting.

A decision of the Propaganda Department of the CPC Central Committee, the State Economic Commission, and the All-China Federation of Trade Unions to commend exemplary enterprises in ideological and political work was read at the meeting. The Daqing Petroleum Administrative Bureau, the Yantai Port Authority, and 95 other enterprises were named as exemplary national enterprises in ideological and political work.

DENG LIQUN ADDRESSES BEIJING CADRE MEETING

OW160154 Beijing XINHUA Domestic Service in Chinese 1534 GMT 14 Feb 87

[By RENMIN RIBAO reporter Chen Weiwei and XINHUA reporter Wang Yuelong]

[Excerpts] Beijing, 14 Feb (XINHUA) -- Beijing Municipality held a meeting of district, county, and bureau leading cadres today to sum up the work conducted during 1986 in the mass campaign to build spiritual civilization and improve service, and to arrange this year's work in building a civilized city and improve services.

Deng Liqun, member of the Secretariat of the CPC Central Committee, attended and addressed the meeting. He affirmed the achievements made by Beijing Municipality in building a spiritual civilization and improving services. He also put forward expectations and demands for Beijing to do an even better job in building a spiritual civilization.

Jin Jian, deputy secretary of the Beijing Municipal CPC Committee, summed up the 1986 work of Beijing Municipality in launching a mass campaign to build a spiritual civilization and to improve services. [passage omitted]

Present at today's meeting were Li Ximing, secretary of the Beijing Municipal CPC Committee; Chen Xitong, mayor of Beijing; Wang Daming, deputy director of the Central Propaganda Department, and responsible comrades of organs directly under the party Central Committee, state organs, the PLA General Political Department, and other departments concerned.

#### ARTICLE REVIEWS 1986 ECONOMIC DEVELOPMENT

HK270334 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 7, 16 Feb 87 pp 3-6

[Article by reporter Li Shiyi (2621 0013 5030): "China Is Steadily Pushing Forward the Reform and Opening Up: The Direction of This Year's Development as Viewed from Last Year's Economic Development"]

[Text] Abstract: After Beijing announced Hu Yaobang's resignation as secretary general of the CPC Central Committee and Zhao Ziyang's appointment as acting secretary general of the CPC Central Committee, people at home and abroad one after another asked the question. Will China change its policy of reform and opening up? The answer is that China will not change its policy of reform and opening up and will do its best to ensure continuous and steady economic development. [end abstract]

A message from the national economic work conference which was held in Beijing recently disclosed that China will adhere to the policy of protracted and steady economic development and will adhere to reform, opening up, and economic invigoration. Premier Zhao Ziyang expressed a clear attitude toward this at the conference.

The central task for China's economic work this year is to deepen enterprise reform, to increase production, to practice frugality, to improve economic results in an all-round way, and to ensure a continuous, steady, and coordinated development of the national economy.

The new personnel changes will not affect China's economic life. The struggle against bourgeois liberalization has its scope and will not be linked with the policy of economic reform. The policy of respecting knowledge, talents, and intellectuals remains unchanged. All this has not gone beyond the party's line since the 3d Plenary Session of the 11th CPC Central Committee -- upholding the four cardinal principles; adhering to reform, opening up and invigorating the economy; and building socialism with Chinese characteristics -- but has called for more correct and overall implementation of the line.

Expected Results Have Been Achieved in Readjustment and Reform; the Growth Rate in Economic Construction Has Been Moderate [subhead]

Last year was the first year in China's Seventh 5-Year Plan. How was the economic situation in the country last year? [paragraph continues]



The general impression of people in economic circles as shown from the complete data provided by computers of responsible departments is that the economic situation was excellent.

-- China's total industrial and agricultural output value increased by 8.4 percent, of which the industrial output value increased by 9.2 percent over the previous year (based on the constant price of 1980) and reached some 890 billion yuan (not including that of village-run industry). The agricultural output value increased by 4 percent over the previous year and reached some 370 billion yuan.

-- Light and heavy industries developed harmoniously. Light industry increased by 10.3 percent and heavy industry increased by 8.1 percent. The proportion of light industry in industrial production was 49.9 percent and that of heavy industry was 51.1 percent. There was no imbalance between light and heavy industry.

-- The agricultural situation was excellent. China's total grain output for last year was 390 million tons, 10 million tons more than the previous year and only just lower than 1984, a bumper harvest year. The internal agricultural structure has been further readjusted. The area for growing cash crops, such as cotton, flax, and tobacco, was reduced, but the grain-growing area increased. Village-run industrial and commercial enterprises developed prosperously and their output value reached some 330 billion yuan, exceeding the agricultural output value for the first time and marking an increase of 18 percent over the previous year. The total rural social output value of the country for last year increased by about 10 percent over the previous year. All this indicates that the rural economy developed rapidly and peasants are becoming rich gradually.

-- China's capital construction investment reached some 116 billion yuan last year, an increase of 18 percent over the previous year. Some railway projects, power stations, oilfields, oil wells, and iron and steel plants have been put into operation. The growth rate for China's capital construction investment in 1985 was as high as 44.6 percent, but its budgetary investment size was controlled last year as the state adopted a realistic attitude toward capital construction.

-- China's trade deficit was reduced and China has expanded its foreign economic and technological cooperation. China's total import and export volume last year reached some \$72 billion, an increase of 4 percent over the previous year. This was achieved under the situation in which there was a large drop in the price of oil on the international market. Of the total trade volume China's export volume increased by 11.1 percent and its import volume was under control, increasing by only 1 percent. By the end of last year, there were a total of 7,730 Chinese-foreign joint ventures, Chinese-foreign cooperative enterprises, and enterprises of sole foreign proprietorship in the country. Real capital investments by foreign businessmen has increased. All this indicates that China has made in opening up to the outside world.

-- Domestic markets have turned brisk. The total social commodity retail volume of the country for last year is estimated to have increased by 15 percent, slightly higher than the growth rate of industrial and agricultural production. The increase in purchasing power resulted from increases in production and increases in people's incomes. Last year, the total salary volume of China's staff and workers increased by 18 percent and peasants' net income increased by 7 percent. Both urban and rural residents have benefited from the reform.

Through these figures one will have no difficulty in seeing clearly China's current economic situation. China's economic development turned normal last year. The tense situation of imbalance between supply and demand marked by the failure to control the economy and by an excessive economic growth rate, which began in 1984, has been eased. China's economy has now developed in a steady and healthy way.

**Policymakers Remain Sober-Minded; "Soft Tactics" Serve the Purpose of Killing Two Birds With One Stone [subhead]**

China's excessive economic growth was abnormal. China is slowing down its economic development as a conscious move. After strengthening macroeconomic control, China has achieved gratifying results in economic development.

China's excessive economic growth reached its peak in 1984 and 1985. "Excessive" economic growth resulted in large social demands, which far exceeded the total social supply, and in an economic boom in appearance. But the relationship between supply and demand was strained. This not only went beyond China's national power, but also was unbeneficial to the economic reform that has just started in an all-round way. Economists at home and abroad believed that if the situation continued it would be very dangerous. Therefore, in order to create a relaxed economic environment for reform and opening up and to seek long-term economic interests, the CPC Central Committee and the State Council agreed to take measures to curb the excessive economic growth. This was explained in the documents of the Seventh 5-Year Plan published last year and was approved by the NPC.

At the beginning of last year, people agreed to slow down economic growth but failed to reach a consensus on what measures to take to cause nor or little economic losses. Some people believed that "urgent measures should be taken to curb excessive economic growth," but others were opposed to it, saying that such a situation was not at all strange in a year of reform. After studying and comparing several proposals the State Council finally decided to adopt the method of "gradual braking" and "soft tactics" to channel the excessive economic development into a normal orbit in a down-to-earth manner. Events during the period were rather dramatic.

In January last year, at a plenary meeting of the State Council and at a national conference on planning and the economy, leaders of the State Council put forth three suggestions in principle on the excessive economic growth in the previous year: 1) to strengthen macroeconomic control; 2) to curb demand and improve supply; and 3) to maintain a reasonable growth rate. After the conference, due to fast "braking," the growth rate in the country's industrial production was reduced to 5.6 and 0.6 percent in January and February respectively, compared with 24.5 and 22 percent in January and February in the previous year. The growth rates dropped by a large margin. Some people in economic circles worried about this. They wrote articles and delivered speeches, expressing their worries that the move would lead to economic recession and be unbeneficial to politics and reforms.

In March last year, the State Council held the first national work conference on the urban structural reform. The participants reported that economic growth had dropped too quickly, enterprises were short of circulating funds, and the implementation of the manager responsibility system had met with difficulties. Some people worried about it very much. At the conference, leaders of the State Council told the participants that they should not view the problems too seriously and should keep calm. [paragraph continues]

As seen from the practical results of that economic operation, commodities in short supply increased largely, the production of energy and raw materials developed quickly, and financial revenues were not lacking. Under such a situation, even if the growth rate were a little lower, there was nothing to be afraid of and the problems could be solved.

Industrial production increased month-by-month in the second quarter. In June last year, the State Council held a conference of provincial governors to further put forth the following countermeasures: adhering to reform, readjusting the production and spending structures so that they could be suited to each other; striving for a balance in annual financial revenues and expenditures; making continuous efforts to invigorate large and medium-sized enterprises; reasonably relaxing the capital circulation systems; instituting the system of purchasing grain by contract; and further solving the problems concerning Chinese-foreign joint ventures, cooperation, and joint operations.

The economic practices over the past year prove that the above economic ideas and measures have achieved practical results. Industrial production increased continuously, with a growth rate of 4.4 percent in the first quarter, 5.3 percent in the second quarter, and 9 percent in the third quarter, and fulfilled the annual target of a growth rate of 7 percent as set by the state plan. People in China's economic circles fully affirm this. Economic leaders from all provinces, cities, and autonomous regions, who attended a national economic work conference in Beijing recently, were satisfied with the results. They held that if the excessive economic growth had not been curbed at that time, China would have a hard time this year, and that if the measures had been inappropriate, then China's economy would have suffered a big setback. The methods of "soft tactics" and "gradual braking" have attained the target of "killing two birds with one stone."

Do Not Hope To "Achieve Success Overnight"; Only Hope for Long-Term and Steady Development [subhead]

After one year of readjustment, many good trends have now appeared in China's economic development. The production of energy and raw materials that were in short supply in the past have increased more quickly; the product mix has been readjusted; the growth rate of marketable products has increased; new progress has been made in lateral economic ties; the fixed assets investment size has been under control; the trend of an excessive increase in spending funds has been curbed; the role of the market mechanism has been strengthened; and growth rates in investment, spending, and production are basically balanced after deducting price increases. In short, all this indicates that the increase in general social demands has been eased and the general social supply has been improved, although the imbalance between the two has not yet been thoroughly solved.

Under such a good situation leaders of some areas and departments have once again become dizzy. In arranging 1987's economic work they want to expand construction by too much and have a strong desire to increasing production and spending. Only one example can prove this. Total investments in capital construction projects set in the state plan were only some 30 billion yuan, but investments in construction projects arranged by localities and departments beyond the state plan far exceeds it. There are two reasons for this: 1) After streamlining administration, delegating power to lower levels, and invigorating the economy, all localities have both power and money. 2) People all want to change the backward appearance of their own areas and departments quickly by taking advantage of the reform and opening up. But they forget that China is a developing, not a rich, country. It is impossible for China to catch up to other developed countries in a short time. [paragraph continues]



The practices of building halls, office buildings, houses, going in for ostentation and extravagance, and wasting money are still spreading. All these occurred as early as the end of 1984 and people described it as "swollen hot air," one of many factors leading to the subsequent failure to control economic development.

At the recent national economic work conference leaders of the State Council reminded all localities and departments to pay attention to latent unfavorable factors in various fields to compress the "swollen hot air," and to remain sober-minded. These unfavorable factors are: the economic results of some enterprises are not good; the labor productivity of some enterprises is low; the quality of some products has fallen; the number of loss-suffering enterprises has increased; non-productive expenditures have increased; investment in fixed assets beyond the state plan has increased; and the increase in spending funds has exceeded the increase in labor productivity and the growth of people's incomes. Once these unfavorable factors combine with some leaders' desire for "vigorous and rapid development", it will inevitably cause an adverse effect on this year's economic development. In view of this, premier Zhao Ziyang proposed a policy of persevering in long-term and steady economic development at the conference.

The fact that China adopts a steady attitude toward its economic development indicates that China has gotten rid of the previous mentality of "being eager to achieve success." It has now clearly realized that whether reform or construction, it is a gradual and protracted process. In this respect, continued efforts of several generations are needed and it is impossible to achieve success overnight. China has suffered many setbacks over the past 30-odd years for being "too anxious and too hasty."

#### Deepen Enterprise Reform; Enhance the Reserve Strength of Agriculture [subhead]

Since China is adopting a steady attitude toward its economic development this year, will China slow down the pace of reform, opening up, and economic invigoration?

This is a misunderstanding. Reform, opening up, and economic invigoration were always a central topic during the period from the national economic work conference held last year to the recent economic work conference. This year China will carry out two tasks:

-- Deepen enterprise reform and invigorate enterprises, particularly large and medium-sized enterprises, which are China's economic mainstays.

-- Deepen the rural reform, arouse the enthusiasm of the 800 million peasants, develop grain production, and enhance the reserve strength of agriculture.

Several years ago the state started the reform of the urban economic structure by transferring interests and delegating powers to enterprises. Later, it took practical steps in pricing and planning system reforms, thus creating necessary external conditions for invigorating enterprises in the country. But it failed to pay serious attention to the reform of operational mechanisms within enterprises. Thus, external conditions have changed but failed to play their role. Therefore, the state will do work in two areas. [paragraph continues]

On the one hand, it will continue to reduce various burdens on enterprises; speed up the financial system reform; reform the financial and tax system; and gradually perfect the mechanism market regulation. On the other hand, it will actively bring about a separation between ownership and operation rights of enterprises, land reform control over operation rights.

Large and medium-sized enterprises must institute the manager responsibility system and the responsibility system linked with targets within the tenure of office managers, and carry out in an all-round way the responsibilities, powers, and interests of enterprise operators. Small state-run or collective-run enterprises must gradually institute the contract system or the leasing system.

While deepening enterprise reform, the whole country will launch a drive to increase production, practice frugality, increase revenues, and reduce expenses. This drive strives to strengthen enterprise management, upgrade the quality of products, reduce material consumption and production costs, produce more marketable products, and improve economic results. Meanwhile, it will further promote the close ties between production, circulation, and spending.

After a high agricultural growth rate for 8 years in succession, China's agricultural growth rate has dropped. After several years of large readjustment, the farming structure has become relatively stable. An increase in grain production will become more and more difficult. The growth rate of peasants' incomes has changed from two digits to one digit, inevitably affecting agricultural investment. To boil down these factors shows our insufficient reserve strength in agricultural development. Therefore, the state will take practical steps to increase its investment in agricultural in the areas of funds, credit, and goods supply, will further reform the circulation system of agricultural products, gradually relax control over rural money markets, develop small village-run enterprises, perfect the system of purchasing grain by contract which is set by the state, and encourage peasants to increase grain production by adopting appropriate policies. Efforts should be made in various fields to help peasants increase their income year-by-year and to reach the level of urban residents. Efforts should be made to strive for the fulfillment of the national grain output target of 450 to 500 million tons by the end of this century.

#### There Will Be No Political Movements; Basic Policies Remain Unchanged [subhead]

In summary, reform and opening up are unleashing China's great economic potentialities. The first-step of reform in the rural areas, has proved this, and the first first-step of reform in the urban areas is scoring results. The task confronting Chinese leaders is how to skillfully drive the huge economic car and blaze new trails.

The ongoing struggle against bourgeois liberalization will be limited to the CPC and to the political and ideological spheres and will not be linked to the economic sphere. There will be no political movements which may once again put the country in turmoil. China's economic life, with reform, opening up, and economic invigoration as its key note, will go on as usual, including the ongoing experiment and exploration of the reform.

In short, the recent events in China have not gone beyond the party line set by the third plenary session and China will implement the party line still better.

OFFICIAL EXPLAINS PRODUCTION, ECONOMY DRIVE

OW260615 Beijing Domestic Service in Mandarin 0200 GMT 25 Feb 87

[Recorded talk by Liu Suinian, vice minister of the State Planning Commission: "Enhance Understanding of the Movement To Promote Production, Practice Economy, Increase Revenue, and Reduce Expenses, and Strive To Fulfill the 1987 Plan in an All-Round Way"]

[Excerpts] Dear listeners, it is of great significance to extensively promote, across the entire national and in various professions and trades, a movement to promote production, practice economy, increase revenue, and reduce expenses. Arduous struggle and building up the country through thrift and hard work is a fundamental principle of socialist construction. This principle was proposed based on China's basic national policy.

China is a developing socialist country with a large population. Its national construction began on a poor foundation. By relying on this principle, we have succeeded in building up an independent and relatively complete industrial base and a national economic system over the past 30 years or so. In that same period, we have also laid a relatively strong material and technological foundation for carrying out the modernization program. To quadruple our total industrial and agricultural output and raise the people's living standard to a relatively comfortable level by the end of this century, and to quadruple again our industrial and agricultural output and raise the people's living standard to that of a moderately well-off nation by the 2030's or 2050's, we still have to rely on that principle.

Agriculture is the foundation of our national economy. To modernize our agriculture, to raise our agricultural productivity by a large margin, and to transfer the huge surplus manpower emancipated from farming to the industrial, transportation, construction, commercial, sideline occupation, and other sectors, we need great quantities of capital. We need even more capital to renovate our traditional industries with advanced technology, develop new industries, and modernize our industry, national defense, and science and technology. In particular, in the next 10-20 years when we have to provide jobs, means, and working places for hundreds of millions of workers, we cannot fulfill this task without vigorously developing our basic industries and facilities. This is the road a developing nation must follow in order to become a developed nation.

To embark on such an ambitious construction program, capital is indispensable. True, we can take advantage of the current good international situation to borrow from foreign countries. But the amount of money we can borrow is, after all, very limited. Moreover, in the end, all debts must be repaid. The fundamental way out is by self-reliance; carrying forward the spirit of arduous struggle and building up the country through thrift and hard work; arousing the enthusiasm of the various localities, departments, and enterprises, and that of a vast number of workers, peasants, and intellectuals; striving to promote production and practice economy; opposing waste; and improving economic results. [passage omitted]

We must realize, once again, the great and far-reaching significance of the movement to promote production, practice economy, increase revenue, and reduce expenses and earnestly join this movement with our own concrete deeds.

Why have the party Central committee and the State Council particularly stressed the movement to promote production, practice economy, increase revenue, and reduce expenses this year?



Why do they regard it as a central task in this year's economic work? In other words, what is the practical and immediate significance in promoting the movement now?

First, I think that in recent years, some of our comrades have become gradually indifferent to the concept of arduous struggle and building up the country through thrift and hard work. They have become ignorant of our national situation and strength and have forgotten the historical mission shouldered by this generation. Extravagance, waste, lavish banquets, ostentation, and showing off wealth have become social practice. Too many mansions, halls, guesthouses, centers, amusement parks, and other nonproductive projects have been erected. All this has gone beyond our current production capability. At present, many localities, departments, and units are very interested in asking for money or loans from the finance departments or banks. But they have failed in making the best use of the available manpower, material, and financial resources to improve their operation and provide the state with more revenue. [passage omitted]

Second, deficits appeared in state finances in 1986. According to the requirements of the Seventh 5-Year Plan, data must be made available this year as reference for the economic development in the last 3 years of the Seventh 5-Year Plan and the 9-year program for economic revitalization. Funds for key projects must be ensured. Financial support needed to further invigorate the large and medium-size enterprises and beef up the reserve strength of agriculture must also be assured. However, economic growth has certain limits. Thus, a sharp contradiction has existed between the total social demand and supply. It is very difficult to balance state revenues and expenditures. To ensure stable economic growth and the smooth progress of reform, to avoid issuing more banknotes and inflation, and to fulfill or overfulfill in an all-round way the 1989 plan soon to be submitted for discussion by the Fifth Session of the Sixth NPC, the only course is to advance the movement of promoting production, practicing economy, increasing revenue, and reducing expenses. [passage omitted]

The principal tasks in this year's plan for economic and social development are striving to balance the total social demand and supply and ensuring stable development of the national economy.

Admittedly, it is difficult to fulfill these tasks. But we must realize that there is plenty of room in all areas for promoting production, practicing economy, increasing revenue, and reducing expenses. If the people of various nationalities throughout the nation actively respond to the call of the party Central Committee and the State Council; unify their ideology and understanding; bring their initiative and creativity into full play; vigorously carry forward the spirit of arduous struggle and building up the country through thrift and hard work; actively participate in the movement to promote production, practice economy, increase revenue, and reduce expenses; continue to do a good job in reform in various areas; and strive to raise the economic results, we will surely fulfill this year's plan and propel various tasks forward.

#### ECONOMIC STATISTICS AVAILABLE TO PUBLIC

OW260756 Beijing XINHUA in English 0654 GMT 26 Feb 87

[Text] Guangzhou, February 26 (XINHUA) -- China is introducing a new policy to make economic statistics available to the public.

"At present, government statistics offices release 90 percent of the economic statistics they collect," according to Zhang Sai, chairman of a meeting of provincial statistics bureau directors which ended here today.

"Those statistics not released concern state secrets and individual property," he said, "and people need access to these statistics to develop a market-oriented economy."

He noted that China used to put too much emphasis keeping certain statistics secret because at that time it was closed to the world."

Zhang said, in 1984, his bureau adopted a policy to serve public needs while continuing to supply statistics to party and state leaders for their use in decision-making.

"In addition to releasing quarterly, semi-annual and annual statistics, national and local statistics offices have now diversified their services, including carrying out sample surveys at the request of companies or individuals," Zhang said, adding raw statistics, charts, reports, academic essays and other statistical information are now available to the public.

The national bureau now shares statistics and technological know-how with counterparts in 30 countries and regions, including the United States, the Soviet Union, Japan, Thailand and Hong Kong.

Non-governmental consulting companies also supply statistics to Chinese and foreign customers, and some firms in Guangdong, and Shanghai now have regular foreign clients, Zhang said.

"The mass media now releases statistics on production, investment in fixed assets, commerce, market and prices every day," Zhang said.

#### YU GUANGYUAN'S IDEA ON COMMODITY ECONOMY DISPUTED

HK190548 Beijing JINGJIXUE ZHOUBAO in Chinese 30 Nov 86 p 2

[Article by Zhang Feizhou (1728 5481 3166) and Liu Zhongbin (0491 1813 2430): "Does Talking About Ideals Necessarily Mean Developing the Socialist Commodity Economy? -- Querying an Article by Comrade Yu Guangyuan"]

[Text] In JINGJIXUE ZHOUBAO dated 21 September, Comrade Yu Guangyuan published an article entitled: "Commodity Economy and Spiritual Civilization." In this article he said: "Viewed from our country's economic reality, talking about ideals means developing the socialist commodity economy. Without developing the commodity economy, talking about ideals becomes empty talk." This remark is not quite impartial because talking about ideals is not completely equal to developing the commodity economy. In talking about ideals, we cannot depart from the great communist objective. At present, the contents of ideals are precisely the "common ideals" stated in the "Resolution on the Guiding Principles for Building Socialist Spiritual Civilization." This is a precise and scientific formulation. Our ideals at the present stage involve not only the development of the socialist commodity economy but also the building of a higher degree of socialist civilization and democracy. These "common ideals" should not be simply substituted with the development of commodity economy. Nor should we hold that only by developing the commodity economy will a high degree of socialist civilization and democracy be naturally established. Everybody knows that the commodity economies of the developed capitalist countries have developed more fully than ours but we cannot say that they have become countries with a high degree of civilization and democracy.

YU GUANGYUAN CLARIFIES MISQUOTED REMARKS

HK190546 Beijing JINGJIXUE ZHOUBAO in Chinese 25 Jan 87 p 1

[Article by Yu Guangyuan (0600 0342 6678): "Clarifying Some Facts -- A Reply to Comrades Zhang Feizhou and Liu Zhongbin"]

[Text] Issue No 48 of 1986 of JINGJIXUE ZHOUBAO carried your article, in which you discussed in issue with me. But the article you referred to had not been checked by me. It was abridged and published by the Editorial from some people's notes on my report. Because of this, in issue No 52, JINGJIXUE ZHOUBAO has issued "our statement." I cannot regard it as my article. Although most of the sentences were mine, some were incomplete. Moreover, some important sentences were missing. Luckily the article has been published in JINGJI WENTI (ECONOMIC ISSUES) and you can find it easily.

I can understand such an oversight. Things have now developed quite rapidly but some young comrades lack basic training in editorial work. A similar thing also happened recently. In a report on 6 December, the Shanghai SHEHUI BAO (SOCIETY NEWS) reported that in a forum held by the newspaper I "pointed out" such and such a thing. In fact, this "forum" did not exist. It so happened that some comrades from the newspaper visited me and I made some casual remarks. Moreover, I knew nothing about the newspaper report. It was only after I read the newspaper that I learned it was conducting a discussion on the question of selflessness. I did not know about the discussion on 2 December. I learned about it only after reading the newspaper. In foreign countries, a report about someone is usually not checked and approved by the person concerned before it is published. According to our country's usual practice, a report should first be checked by the person concerned. If something should be wrong with a report, which is not checked and approved by the person concerned, the reporter should be held responsible. This is different from the case in which a writer is responsible for a signed article.

JOURNAL VIEWS DEBATE OVER ECONOMIC THEORY

HK251420 Beijing QUNYAN in Chinese No 1, 7 Jan 87 pp 12-15

[Article by Jiang Xuemo (5592 1331 2875): "China Faces a Big Debate Over Socialist Economic Theories"]

[Text] Theoretical explorations on the socialist economy are more active than ever before. In the course of economic structural reform, China should open up to the outside world, enliven its domestic economy, and carry out good macroeconomic management. Economic structural reform involves a number of theoretical questions, such as the purpose of socialist production, on the relationship between commodities and money under the socialist system, on planned socialist development, on the relationship between state macroeconomic management and enterprises' microeconomic activities, on national revenue and the distribution of consumption funds, and the question of the relationship between material and cultural production. Many traditional concepts of these questions will be subjected to the test of practice and reappraised. New theories will take shape on the basis of summing up practical experiences. We cannot say that there will be no differences of opinion on the reappraisal of traditional concepts or the formation of new theories; debates are sure to arise.



1. On the Question of Major Economic Theories, There Are Sharply Opposed Views  
[subhead]

Theoretical explorations and debates arising from economic structural reform cover a wide range of issues, and there are big differences of opinion in this regard. I would like to give the following example of viewing economic relationships and economic operations.

The basis of the reform of economic relationships is the reform of the ownership of the means of production. Since the 3d Plenary Session of the 11th CPC Central Committee, to cope with the development of China's productive forces and social production, the economy under the ownership by individual laborers has been restored and Sino-foreign joint ventures as well as foreign-capitalized enterprises have been built. The economy under socialist public ownership, which occupies a dominant position in the various economic forms, has also undergone a profound change, which is characterized by the separation of the ownership of the means of production from the operational power. This has helped improve the socialist collective ownership and the ownership by the whole people. In addition, the form of hired labor will emerge in the course of the development of the individual economy. It is not strange for an enterprise to hire dozens and even hundreds of laborers. In the course of the development of economic structural reform, how should the reform of the ownership of the means of production be carried out? There is unanimity of opinion on developing the individual economy and introducing foreign capital. However, there are big differences of opinion on how to reform the economy under socialist public ownership and on what policies should be adopted toward the economy under the hired labor system.

In the opinion of some people, the various types of reform of the socialist ownership system in the past did not touch the crucial point. How should they do so? "By changing public ownership into private ownership." According to the another extreme opinion, the reform of ownership systems has gone too far and should therefore be stopped at once. People with this view say that various private ownership forms have rapidly emerged, developed, and permeated the public ownership system. If this is allowed to continue, we will "go back to the maternal grandmother's home." The "maternal grandmother's home" refers to the old society out of which Chinese socialist society was born. These two extreme views really exist although no articles on them have ever been openly published. It is not strange for these two views to have emerged under China's present conditions. The long-term "leftist" ideological influence has led to the emergence of the latter extreme view, whereas the "syndrome of worshipping everything foreign" in the course of opening up to the world has given rise to the former extreme view. These two views, however, are not in a dominant position. The Chinese Constitution and the trend of economic structural reform determine that they will never become dominant factors. The problem is that various viewpoints are biased toward either the former extreme view or the latter one. These views focus on these two points: One is how to further reform large and medium-sized enterprises under the ownership by the whole people so that the target of "exercising good macroeconomic management while carrying out microeconomic invigoration" will be fulfilled; and the other is how to determine the nature of the economy under the hired labor system. There are many dissenting views on these two points.

There are also extreme views on the question of economic operation. According to one extreme view, there is no commodity relationship in the economy under the ownership by the whole people, the socialist economy cannot be summed up as a commodity economy, and its operation is controlled by the law of the planned development of the national economy and regulated by a planned mechanism. [paragraph continues]

According to another extreme view, there is no such thing as the law of the planned development of the national economy because the basic property of the socialist economy is the commodity economy and is controlled by the law of the commodity economy, that is, the law of value, and regulated by the market mechanism. Under the prerequisite of recognizing that the socialist economy is a planned commodity economy under the public ownership system and that the law of planned development and the law of value both govern socialist economic operations, there are various different views, some being diametrically opposed, on whether the planned mechanism or the market mechanism should be taken as the main form and on the appraisal of the planned mechanism and the market mechanism.

I have given only two examples. Of course, differences of opinion do not involve only these two points but every aspect of economic relationships and economic operations. For example, is the labor force in the socialist economy a commodity? Are prices in the socialist economy planned or free prices? In the socialist economy, should supply and demand be in balance? Or should one exceed the other? Is the priority increase in the production of the means of production a law playing a long-term role or a law just playing a temporary role during the period of industrialization? Is the crux of the current economic structural reform the reform of the price system or the reform of the ownership system? On these questions and many other questions, too, there are sharply contrasting views.

## 2. Is It Good or Bad for Differences of Opinion To Arise? [subhead]

How should we treat these differences of opinion? People who have for long been accustomed to hearing "unanimous views" are not used to seeing these differences of opinion. This, in fact, is good as it indicates the prosperity of our socialist cause.

Big power chauvinism and personality cult were rampant during the long period of the international communist movement. The political, economic, cultural, and educational modes on the soil where the October Revolution took place were lauded as the only standard modes under the socialist system. The works and remarks of revolutionary teachers and leaders were regarded as teachings that contain "every truth." Under such circumstances, theoretical explorations on socialism were impossible. The so-called theoretical researches were merely explanations on some classical works, and the policies of the country were taken as objectives laws. "Theorists" were the docile tools of the party (of party leaders, in fact), and theories were the slaves of policies. Such theories were, of course, lifeless and not attractive and could not give any guidance to socialist construction.

The inertia of these theoretical workers changed with the decline of big power chauvinism in the international communist movement, with the collapse of personality cult, and with the abolition of the highly centralized modes in the political, economic, and cultural fields. In different socialist countries, this situation arose at different times and under different circumstances. In China, it emerged with the convening of the 3d Plenary Session of the 11th CPC Central Committee. The principle of seeking truth from facts, proceeding from actual conditions, holding free academic discussions, and not blaming the speaker, which has been advocated for decades, began to be put into effect only after the 3d Plenary Session of the 11th CPC Central Committee.

After the 3d Plenary Session of the 11th CPC Central Committee, in the course of the gradual formation of a relaxed environment, a good situation began to emerge in the theoretical explorations on China's socialist economy. [paragraph continues]

Over the last 8 years, since 1979, works and theses on the socialist economy have greatly increased as compared with those published in the 29 years before the third plenary session. Marxism still remains the guiding principle for conducting theoretical research into the socialist economy. However, the theses in classical works should be tested by various socialist countries in the course of their socialist construction. In addition, it is necessary to form new theories on the basis of summing up experiences in socialist construction for the purpose of developing Marxism. Serving socialist construction is the glorious duty of China's theoretical workers. However, theories should no longer serve as footnotes for policies but should become the bases and guidance for policies. Theoretical workers should participate in the formulation of policies, study the loss and gain of policies in the course of their implementation, reappraise traditional concepts, and explore new theories and concepts. This will add vigor and attraction to the theories on the socialist economy. Differences of opinion and debates arising in the course of reappraising traditional concepts and exploring new ones indicate prosperity in the economic theoretical field. Fundamentally speaking, this has differences opinion portray the prosperity of the socialist cause.

### 3. Get Rid of Spiritual Shackles and Let a Hundred Schools of Thought Contend [subhead]

The objective conditions for letting a hundred schools of thought contend are better than over before. Naturally, the efforts of theoretical workers are also very important. However, their efforts should be concentrated on getting rid of the spiritual shackles characterized by personality cult and "taking class struggle as the key link," so that they can stop the habit of "having blind faith in books and fawning on one's superior" and be practical.

"Having blind faith in books" has resulted in book worshiping. Under this influence, they mention Marxism-Leninism whenever they open their mouth, and replace theoretical reasoning by quoting Marx and Lenin. This writing style was rampant during the Cultural Revolution. At that time, all articles, even articles on natural science, were full of boldfaced quotations. I have a book on "Internal Medicine and Pediatrics" which was published in 1971. This book, which is aimed at popularizing medical knowledge, devotes four page to the publication of nine boldfaced quotations.

"Fawning on one's superior" has given rise to the practice of complying with whatever viewpoints the supreme leadership holds. A small number of well-informed sources can "go into action without delay upon hearing the news," whereas, at this time, a larger number of people still hold dissenting views. But once these people come to know that the views disclosed by these well-informed sources are from "somebody," they immediately abandon their original views and chime in. This habit reached the pinnacle during the Cultural Revolution. There is no need to explain this to those who participated in the Cultural Revolution.

For a time in the past, "having blind faith in books and fawning on one's superior" was regarded as a "deep-rooted habit" of Chinese intellectuals. In fact, in the 29 years before the 3d Plenary Session of the 11th CPC Central Committee, many theoretical workers had no alternative but to do so, because they were well aware that only in that way could they weather the storms. There were also intellectuals who did not follow books and their superior blindly, such as economists Ma Yinchu, Shen Zhiyuan, and Sun Zhifang. However, they endured unfair treatment.



There is no need now to have blind faith in books and fawn on one's superior for the purpose of evading trouble. But it is not easy to get rid of this habit and be practical.

To not follow books blindly is comparatively easy. So long as everyone makes up his mind, book worshiping is not difficult to overcome. Articles that substitute quotations for theoretical reasoning are now rarely seen. In this regard, another trend should be prevented from arising, that is, the trend of copying the academic and theoretical views of the bourgeoisie. Articles focusing on "doing everything for money," advertising "all men being equal before money," and idealizing the "invisible hand" have appeared one after another in recent years. This is one example. In the course of opening up to the world, it is necessary to absorb the natural science and scientific management of developed capitalist countries, to study the literature, art, and theories on social sciences established by the bourgeoisie over the past hundreds of years, and to critically introduce what is beneficial to us so that we can enrich and develop our socialist spiritual civilization. Marx wrote "Das Kapital" by critically absorbing the positive achievements in bourgeois economics, thereby laying the foundation for proletarian economics. Today, we should also critically absorb bourgeois theories on large-scale socialized production and the commodity economy, so as to enrich socialist economics and serve the planned commodity economy under public ownership. In the course of introducing these, however, we should differentiate between the beneficial and the harmful and distinguish the decadent bourgeois ideas that preserve capitalist exploitation and oppression from the advanced experiences that give expression to the common spiritual wealth of mankind and the ideas that help develop socialist economy, politics, and culture. This is not easy, but it must be done. We should not let cultural exchanges give way to seclusion just because Western culture contains factors harmful to us; nor should we indiscriminately absorb Western culture in the course of opening up to the world.

To not fawn on one's superior seems more difficult than to not have blind faith in books. Fawning on one's superior could be a negative means for "avoiding misfortunes"; but it could also be a positive means for "making fortunes." Was it not a fact that Lin Biao climbed up to the position of deputy commander by giving wide publicity to the "little red book" and his fallacies of "every word [of Mao Zedong] representing a truth," "a word [of Mao Zedong] being ten thousand times useful than others'," and "getting as instant results as seeing the shadow of a pole once the pole is set up [in the study of Mao's works]." The habit of fawning on one's superior has existed for at least several thousand years. It is a scar left over from the old society. Our present society has only recently emerged. In my opinion, the bad habit of fawning on one's superior will weaken in the process of moving from socialism to the higher stage of communism, but it is very difficult to stamp out.

As a negative means for avoiding misfortunes, the habit of fawning on one's superior cannot be completely stamped out before the thorough elimination of the "lingering fear." The party Central Committee openly declared after the 3d Plenary Session of the 11th CPC Central Committee that no political movement would be carried out in the future. The reversal of a large number of wrong and framed cases over the last several decades has prevented all attempts to stick political labels on people. This is obvious to all. However, there were also some setbacks. For theoretical workers, the drive to "eliminate spiritual pollution" following the centenary of the death of Marx was a small typhoon. New wrong and framed cases arose and have remained unsettled so far. This is the objective cause of the lingering fear.

Theoretical workers should make efforts to eradicate their selfish ideas, if the habit of fawning on one's superior is to be eliminated. To eradicate their selfish ideas, they should have a clear understanding of the great significance of the current debate.

The economic structural reform we are now carrying out is a cause of great practical and historical significance that has never taken place before. It has important bearings on the achievements and development rate of China's socialist construction. Moreover, everything taking place in socialist China, which has a population of 1 billion, will impact on the whole world. The success of reforms will add glory to the socialist system and increase the determination and confidence of the world's laboring people as they strive for socialism. Should our reforms fail, this would produce negative impacts. People in the country and in the rest of the world admit that China has made great achievements in its reforms. In these unprecedented reforms, it is impossible to prevent new problems from arising, and it is unimaginable that no price will be paid. But we hope that new problems can be solved as soon as possible, that the price we pay is not too high, and that there will not be too great a setback. The path toward this end is to allow policymaking to take on a democratic and scientific nature. "Take someone's measurement seven times before cutting out a new garment for him." This means that we should make our major reform measures as accurate as possible. By letting a hundred schools of thought contend, we should make a correct theoretical appraisal of the loss and gain in implementing the major reform measures. Making a theoretical feasibility study of the major reform measures to be taken is an important step. During the Great Leap Forward and the Cultural Revolution, which brought about great historical setbacks, it was impossible and impermissible to make a theoretical study by letting a hundred schools of thought contend. People could only follow the "supreme instructions." Rudeness and being unreasonable brought about a loss of 20 years in China's socialist construction, a huge price for the people to pay. After summing up this historical lesson, the party Central Committee decided to allow policies to be made in a democratic and scientific way by implementing the double hundred policy. The "Resolution on the Guiding Principles on Building Socialist Spiritual Civilization" approved by the 6th Plenary Session of 12th CPC Central Committee points out: "In the practice of socialism, modernization and overall reforms are very complicated new things, for which there are no ready-made answers. Differences of opinion will frequently occur both in theory and work. It is necessary to put into effect the policy of 'letting a hundred flowers blossom and a hundred schools of thought contend' and to support and encourage bold explorations and free debates on the basis of scientific researches. This will greatly enliven the theoretical study of Marxism and lay a more democratic and scientific basis for policymaking." Since bold theoretical explorations and free debates have that great significance, what personal gain should we not abandon? The habit of fawning on one's superior confines a policymaker's sense of hearing to his own voice. This is very harmful because it deprives him of the benefits of other opinions.

#### RENMIN RIBAO DISCUSSES MEANS OF PRODUCTION MARKET

HK251528 Beijing RENMIN RIBAO in Chinese 20 Feb 87 p 5

[Article by Zhou Shulian (0719 0647 5571): "On the Means of Production Market"]

[Text] To establish and develop the means of the production market is an important reform task for the socialist economic structure. Since the reform began, our country has made great achievements in this respect, but it is still very difficult to establish a perfect, healthy, and prosperous means of production market. We must conscientiously study and solve this problem.

**Correctly Understanding the Current Situation of the Means of Production Market**  
[subhead]

In order to promote the formation and development of the means of production market, it is necessary to make a correct appraisal of the current situation of the means of production market. On this question, there are two different views. One holds that since China's means of production market is just being formed, we cannot say that we have already established a perfect means of production market, but the other holds that since the range of mandatory planning and the quantity and variety of the materials under the state's unified distribution have been reduced, a means of production market has already been established in China. I am in favor of the former. In my opinion, although the market of many means of production has already been formed or basically been formed through the reform over the past few years, judging from the national situation as a whole, a normal market has still not been formed for many important means of production including steels. In order to make a correct appraisal of the development of China's means of production market, it is necessary to clarify the following points:

First, we must not simply equate the reduction of the materials under the state's unified distribution and the expansion of the means of production market. Over the past few years, the quantity and variety of the materials under the state's unified distribution have been reduced. This is certainly a condition for the formation of the means of production market. But it cannot be regarded as the expansion of the means of production market, because the materials under the state's unified distribution belong to different levels, including the central level and various local levels. In 1985, although the variety and quantity of those materials controlled by the central authorities were reduced, those of the local authorities were not correspondingly reduced, some were even increased.

Second, under the condition that the enterprises still do not have sufficient decisionmaking power in production and sales, it is very difficult to form a perfect and prosperous means of production market. Although the State Council and other departments concerned have made relevant regulations on the decisionmaking power of the enterprises in production and sales, many large and medium-sized enterprises still do not have such power. For example, the No 10 factory of the Shanghai Iron and Steel Works, which mainly produces all kinds of cold rolling steel bars, is capable of producing 500,000 tons of steel products a year. This figure is the same as required by the state's plan. According to relevant regulations, having fulfilled the planned targets, the factory has the right to sell 2 percent of its products. But in reality, the factory is not authorized to do so. An investigation shows that in 1985, more than 80 percent of steel products were allocated then distributed by the governments at various levels, only less than 20 percent was circulated among the enterprises and on the market.

Third, the various material exchange markets appearing in many areas at present are not normal means of production markets. Since the state has reduced the supply of raw materials, some material exchange markets have appeared in many areas in order to provide the enterprises with necessary means of production. But strictly speaking, they are not means of production markets, at least, they are not the normal means of production markets which we need in the development of the socialist commodity economy. Some articles have indiscriminately called the material exchange markets means of production markets. The development of the means of production markets has thus been exaggerated. The material exchange market is, in reality, a kind of exchange of materials on a barter basis, usually with the government as the main body. When making such exchanges, the enterprises also often draw support from their administrative organs. [paragraph continues]



In this market, a product can have different prices. These prices are not determined by the supply and demand of the market. Therefore, some comrades said: "The government's function in material exchange is quite similar to its function in planning. The exchange is a variant of local planning. "The existence of the material exchange market is obstructing the real formation of the means of production market." So, it is necessary to draw a clear distinction between the material exchange market and the real socialist means of production market.

Fourth, it is necessary to distinguish between planned distribution and market exchange. There is a strict distinction between the planned distribution and market exchange of the means of production. It is also a fundamental distinction between the old economic structure and the new one after reform. In order to make the means of production real commodities, it is necessary to change the system of planned distribution and allow the means of production to be exchanged in the market. The materials now being distributed according to plan are not commodities. There is a principled distinction between these materials and those to be exchanged in the market.

In this connection, there is also a question of what is the means of production market. Market belongs to the category of the commodity economy. When we study the question of market, we must link it with the commodity economy. While studying the current means of production market in our country, special attention should be paid to the following features: 1) The main body of the market must be the enterprises, rather than the government. Of course, this does not mean that the government should not take part in market activities, it means that if the government becomes the main body of the market, the enterprises will continue to be its appendages and it will be very difficult to form a normal market. 2) The enterprises should be independent commodity producers and managers. In other words, the enterprises should carry out management all by themselves and should assume full responsibility for their profits and losses, and they should have the decisionmaking power in both production and sales. If the enterprises are not the commodity producers and managers and do not have the decisionmaking power in production and sales, it will be very difficult to form a prosperous and normal means of production market. 3) Since there is competition in the market, the prices should be determined by the supply and demand of the market. On the same market, the same commodity should have the same price. This means that the market mechanism has been brought into play, just as we have often emphasized. Some comrades proposed that the means of production market should include both the planned and unplanned markets. In my opinion, the planned market should also have the above-mentioned three features. The planned distribution under the traditional system cannot be regarded as the planned market.

#### Problems Caused by the Delayed Formation of the Means of Production Market [subhead]

It needs time to change from the traditional economic structure to a new economic structure. Therefore, the formation of the means of production market also needs a period of time. At present, since our country is still in the course of this change, it needs some time to form the means of production market. This conforms to the objective law. However, the delayed formation of this market has also brought about many problems to the current reform of the economic structure and the development of our economy.

1. It has obstructed the implementation of the policy of giving the enterprises more decisionmaking power. Over the past few years, the State Council and other departments concerned have worked out a series of regulations on extending the decisionmaking power of the enterprises, but many of them have not yet been implemented. [paragraph continues]

An important reason is that a normal means of production market has not been established, especially the market of steel products and other major means of production. Since these important means of production cannot be purchased from the market, the enterprises still have to rely on the high level government organs in order to obtain these materials, and continue to be appendages of the government organs. Some localities and departments have taken the shortage of the means of production as an excuse when they do not want to give the enterprises more decisionmaking power. But in some other areas, although the enterprises are given more decisionmaking power, due to the shortage of the means of production, they would rather have a "mother-in-law."

We should emphasize that although we understand that the enterprises should have the decisionmaking power in order to carry out expanded reproduction, due to the shortages in the supply of the means of production, they still have to rely on the higher level organs in order to solve this problem. Thus, even their decisionmaking power in simple reproduction cannot be guaranteed.

2. It is not conducive to giving play to the role of government organs in economic management. Due to the delayed formation of the means of production market, at present, the government organs still have to help the enterprises obtain necessary means of production, which are not obtainable from the market, through planned distribution or a disguised form of planned distribution. Under such conditions, it is very difficult to really separate government administration from enterprise management. Since the government organs still have to engage in many affairs that should not be their responsibility, such as setting production targets, determining items for production, distributing funds and materials, and carrying out concrete management in production, supply, and sales, they are unable to concentrate their attention on strengthening and improving macroeconomic management. At the same time, the focus of planning work cannot be shifted to intermediate and long term planning.

3. It is not conducive to giving full play to the role of market mechanism. To give full play to the role of market mechanism, it is necessary to establish a perfect and prosperous commodity market, financial market, and technological market and to promote the reasonable flow of labor. At present, since the means of production market has not yet been completely established, the commodity market mechanism, nor the full play of market mechanism. Due to the slow development of the market and the imperfect market mechanism, there cannot be necessary conditions for the enterprises to compete with one another and great pressure and motivation for them to improve management and operation and accelerate the pace of their technological progress. The slow development of the means of production market has also obstructed the change of macroeconomic management from direct control to indirect control. The fact that the normal means of production market has not been established and there exists a double-track system in commodity prices has also created opportunities for various unhealthy tendencies and illegal practices.

In order to promote the reform of the economic structure and the development of the socialist commodity economy, it is imperative to change the situation of delayed formation of the means of production market.

#### Difficulties in Developing the Means of Production Market [subhead]

A normal means of production market has still not yet been established in China even to this day. It is by no means a simple problem. There are many complicated reasons and concrete difficulties. [paragraph continues]

The history of developed capitalist countries shows that the formation of their market (including the means of production market) needs a rather long period of time. In old China, the commodity economy was not well developed. But since the founding of New China, the commodity economy has been restricted for a long time and the means of production market has in reality been abolished. Now, compared with the capitalist market, there are still higher demands on the socialist means of production market we are going to establish. Moreover, we are trying to establish this market in a shorter period of time through reform of our economic structure. Then how can we avoid encountering great difficulties?

Judging from our experiences and lessons over the past few years, the main difficulties in establishing and developing the means of production market are as follows:

1. The formation of a market should be coordinated with invigorating the enterprises and improving macroeconomic management, but it is very difficult to make various reforms coordinate with one another. Since the economic structure is a large system with many branch systems and various branch systems are conditioning each other, reform of the economic structure should be carried out in a coordinated way. But when several reforms are carried out simultaneously, they are not only restricted by the bearing capacities of the state, the enterprise, and the individual, but also restricted by the people's different understandings. To ensure that the reforms are carried out in a coordinated manner, it is necessary to grasp the concrete restrictive relations between the enterprise, the market, and the macroeconomic management, the restrictive relations between various markets which form the entire market system, and all kinds of necessary knowledge and skills. We must admit that we still have not grasped all this successfully.

2. The formation of a normal means of production market requires reform of the price and price control systems and an end to the phenomenon of seriously distorted prices. This is also an arduous task. We must not regard the unreasonable price system as the main reason for not being able to establish a means of production market even to this day, but this does not mean that to rationalize the price system and the price control system. For example, in order to change the existing price system, it is necessary to design a new one. But what is the principle based on which the new price system can be designed? Since there are many different views on this question, it is still very difficult to draw a relatively scientific and acceptable conclusion at present. Even if the problem of design is solved, in implementing the new price system so that we may achieve the desired results, there are still many difficult problems to solve.

3. The formation of a normal means of production market requires that supply and demand are basically balanced. But at present, the phenomenon that the supply of some major means of production falls short of demand is still a serious one in our country. For example, the supply of steel products always falls short of demand. There are two ways to solve this problem. One is to increase supply, and the other is to control demand. On the question of increased supply, since the production of steel products and other means of production needs more investment and a longer period of time, the supply of these materials cannot be greatly increased in a short period. On the question of control demand, in the course of changing the economic structure, since both the investment capability and decision-making power of the enterprises and localities have been expanded, they are "thirsting for investment." Judging from the experiences of some capitalist countries in the postwar period when their control economy was being changed into the market economy, we can see that their control over the market was also gradually relaxed under certain conditions. [paragraph continues]



As to certain products which were in short supply (including both the means of production and the means of subsistence), they did not unconditionally give up the control and relax the market and prices. Instead, they created conditions for gradually relaxing the market and prices under the prerequisite that supply and demand were balanced.

4. The formation of a normal means of production market requires strengthening the binding force of enterprises budget, so that the enterprises may really become the producers and managers of commodities and assume full responsibility for their profits and losses. In this way, the "thirst for investment" under the traditional system can be fundamentally controlled and the shortage in the supply of the means of production can be overcome. However, it is also very difficult to make the enterprises really carry out management independently and assume full responsibility for their profits and losses. It takes time and cannot be achieved overnight. No doubt, the formation of the means of production market requires that the enterprises carry out independent management and assume full responsibility for their profits and losses, but making the enterprises carry out management independently and assume full responsibility for their profits and losses also requires that there is a means of production market. This is where our difficulty lies, because both of them take the other as prerequisite and condition, and the condition has yet to be created.

To establish a normal means of production market, it is also necessary to explore and establish an appropriate form of market organization. Compared with the means of subsistence market organization. Compared with the means of subsistence market, the means of production market has its own characteristics. Through their long-term efforts, most developed capitalist countries have established appropriate forms of organization for their means of production markets, which are suitable for their national conditions. In order to establish appropriate forms of organization for our means of production market, we must conscientiously study the experiences of the developed countries and sum up our own enterprises. Under the traditional system, there were some organs in charge of material distribution. During the reform, there have also appeared some new forms of market organization. We must conscientiously study the nature, characteristics, roles, advantages and disadvantages of these organs and organizational forms so that we can work out correct policies to promote the formation and development of the means of production market.

#### 'OPEN' CITIES EXPERIENCE HEALTHY ECONOMIC GROWTH

OW261940 Beijing XINHUA in English 1555 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- Statistics show 1986 witnessed the absorption of foreign capital and the speed of economic growth continue at a remarkably fast pace in the 14 coastal cities designated by the State Council in 1984 as open to the outside world.

The total investment in fixed assets of state-owned work units in these 14 cities, including Shanghai, Tianjin, Yantai, Qingdao and Ningbo, reached 31.1 billion yuan (8.4 billion U.S. dollars) in 1986, 19.6 percent more than that in the previous year, according to the State Statistics Bureau.

The sum was largely used to develop harbors, airports, traffic and telecommunication systems. Hotels, restaurants and other public utilities have been added.

The improvement of the investment climate attracted an increasing number of overseas investors who signed 2,741 agreements with local enterprises valued at 1.26 billion U.S. dollars. Some 320 million U.S. dollars were turned over so far -- 13.3 percent more than 1985.

The targets of investment began to be shifted from non-productive projects such as hotels and amusement facilities to industrial sectors involving sophisticated technology and export-oriented items, it said.

The projects receiving foreign capital in Shanghai last year were mainly laser products, electric power, chemical and new material production and technical renovation projects.

An ideal economic turnover has been recorded universally in these cities, the bureau reported. They achieved a balance in the earning and expenditure of foreign exchange and some enterprises had a surplus.

These cities concentrated efforts on expanding their exports. Their total purchasing value of export goods was 25.33 billion yuan (6.84 billion U.S. dollars), a 26 percent increase over the previous year, the bureau said.

#### COMMENTATOR PREDICTS GRAIN OUTPUT INCREASE

HK270651 Beijing RENMIN RIBAO in Chinese 24 Feb 87 p 1

[Commentator's article: "Grain Output May Increase to a New Level"]

[Text] Our country's grain output must be increased to a new level, which means that by the year 1990, our country's grain output must have reached 450 kg, and by the year 2000, it must have reached 490 or 500 billion kg. Such figures are essential to a steady improvement in people's livelihood, social stability, and the overall development of our national economy.

Is it possible for us to realize this goal? Quite a number of comrades are worried about it and some comrades have even drawn a pessimistic conclusion. They think: Our country turned out 390 billion kg of grain last year, compared with the all-time high of 410 billion kg in 1984. In order to increase our country's grain output to the first new level in 1990, which would mean that our country would have produced a total of 50 billion kg more of grain by that time, then our country's annual grain output increase rate must be around 10 billion kg. In order to increase our country's grain output to the second new level by the year 2000, then our country's average annual grain output increase rate must be around 5 billion kg more. It is very hard to achieve such goals.

Is it possible for our country's grain output to be increased to these two new levels: We believe it is possible. [paragraph continues]

One of the basic reasons is that our country's grain production still has great potential. There is such a self-evident figure: At present, our country's high-yield farmland makes up only 10 percent of the total area now under cultivation, while moderate-and low-yield farmland makes up the remaining 90 percent. According to an analysis, our country's high-yield farmland produces over 300 kg more grain per mu than the low-yield farmland, while the moderate-yield farmland produces over 180 kg more grain per mu than the low-yield farmland. If China upgrades 50 million mu of its low-yield farmland (less than 10 percent of the total area of low-yield farmland) into moderate-yield farmland in the next few years, China's grain output will increase by over 9 billion kg. And if the low-yield farmland on that acreage is further upgraded to the high-yield category, another 15 billion kg of grain will be produced. Together with other feasible and effective measures, our country has great potential for increased grain production.

By saying all this, we do not mean that boosting grain production is an easy task, but wish to explain that the new levels will only be reached through a lot of effort from many sources. However, achieving these two new levels is actually possible. The pessimistic view which says that it is impossible to increase our country's grain output to a new level is groundless. It is equally unnecessary to worry too much about grain production. Neither a skeptical attitude nor pessimism are conducive to arousing the fighting will and strengthening the confidence of the masses. Therefore, like the view of overlooking the importance of grain production, the sceptical attitude and pessimism must also be overcome.

In the future, we should mainly develop grain production through the following two methods: one is to further carry out the reform, gradually smooth out the relation between grain production and other types of production, increase the economic results of grain production, and maintain and arouse the peasants' enthusiasm in grain production; and the other is to increase investment in grain production, improve the material and technological conditions for grain production, foster the reserve strength for grain production, and gradually stabilize our country's grain output. At present, we are making efforts in these two areas. The goal of increasing our country's grain output to a new level is explicit, but the task is not an easy one. However, so long as we have concrete measures and make concerted efforts, we will surely be able to achieve our goal.

#### HU QILI, OTHERS CONGRATULATE CHINESE PHYSICISTS

OW251828 Beijing XINHUA in English 1648 GMT 25 Feb 87

[Text] Beijing, February 25 (XINHUA) -- Chinese scientists must try harder to bring glory to their country by winning the Nobel Prize for outstanding scientific achievements, said Chinese Communist Party and state leaders during their trip today to the Chinese Academy of Sciences.

Hu Qili, a Political Bureau member of the Chinese Communist Party Central Committee, and State Councillors Fang Yi and Song Jian congratulated the scientists of the Physics Institute of the academy on their latest breakthrough in superconductors in liquid nitrogen.

The scientists demonstrated how electricity flows with the much less resistance in the liquid. The superconductor was modified by oxides, composed mainly of barium, yttrium, copper and oxygen.

The major scientific finding, achieved independently by Chinese scientists, demonstrates that Chinese scientists are among the leaders of the world and are being followed by a younger generation, Hu Qili said.



ANHUI PROVINCIAL PEOPLE'S CONGRESS SESSION OPENS

OW250500 Hefei Anhui Provincial Service in Mandarin 1200 GMT 24 Feb 87

[Text] The 28th session of the 6th provincial People's Congress Standing Committee opened on the morning of 23 February. Presiding over the meeting, Chairman Wang Guangyu conveyed the circular issued by the CPC Central Committee on carrying out the decision of the NPC Standing Committee on strengthening legal education and preserving stability and unity. Afterward, the committee members divided into groups to seriously study the decision of the NPC Standing Committee. In the course of study, they talked freely about their understanding of the basic contents and significance of the decision by integrating it with reality. They expressed strong support for the NPC Standing Committee decision and said they will take the lead in seriously studying, vigorously publicizing, and conscientiously implementing the decision.

In their discussion, the committee members pointed out that the four cardinal principles, which have been clearly recorded in the Constitution and are restated in the decision, are the basis for China's establishment and development, the common political foundation of China's advancement and unity shared by all nationalities, and the guarantee of the smooth progress of socialist modernization. Some time ago, a handful of people, without regard to what has been stipulated in the Constitution, deviated from the four cardinal principles by advocating bourgeois liberalization, which violates the basic interest and the common wishes of the people of the whole country and which we should justly and firmly oppose.

All members held that, using the decision as an important teaching material, it is imperative to carry out an in-depth legal education among the people, focusing on the study of the Constitution, unequivocally upholding the four cardinal principles, combating bourgeois liberalization, and maintaining a stable and unified political situation. In the course of study, they also offered positive suggestions for publicizing and implementing the decision.

Attending the meeting were vice chairman of the provincial People's Congress Standing Committee Su Yu, Su Hua, Wei Xinyi, Xia Deyi, Zheng Rui, Yang Chengzong, Zhao Minxue, Ying Yiquan, Kang Zhijie, Du Weiyu, Zheng Huaizhou, and Chen Tingyuan. Attending the meeting as observers were Vice Governor Song Ming, President of the provincial Higher People's Court Wang Chengle, and Chief Procurator of the provincial People's Procuratorate Feng Jianhua.

FUJIAN MEETING PLANS HELP FOR POOR AREAS

OW222347 Fuzhou FUJIAN RIBAO in Chinese 12 Feb 87 p 1

[Excerpts] The provincial party committee yesterday convened a meeting to draw up plans for provincial level units to help poor areas this year. The meeting decided to select 600 cadres from units directly under provincial jurisdiction, and organize them into the second batch of work teams to combat impoverishment.

These teams will be dispatched to 16 impoverished counties and 200 impoverished townships to help perform tasks there in mid-March. Chen Guangyi, secretary of the provincial party committee, and Jia Qinglin, deputy secretary of the provincial party committee spoke at the meeting.

Comrade Jia Qinglin fully affirmed the important role and achievements of the work teams and lecture groups dispatched by the provincial party committee and the provincial government in combating impoverishment and promoting prosperity in this province. [paragraph continues]

He said: Last year, units directly under the province organized work teams composed of 200 people to help in poor areas, and a lecture group with a total strength of 200 people. They were sent to 11 impoverished counties respectively, doing various good works for those counties and townships. They not only trained and nurtured cadres, but also promoted an improvement in work style in those work units. He said: Last year the total industrial output value in 11 impoverished counties heavily relying on the province rose by 20.3 percent over the previous year. Total revenue from those counties rose by 23 percent, and per capita net income of peasants rose by 7.3 percent. The pace of this progress was higher than the average provincial level. [passage omitted]

Comrade Chen Guangyi said: The provincial party committee and the provincial government was determined to help poor areas. Through joint efforts last year, the work of extricating rural areas from impoverishment and leading them to prosperity achieved initial success, but we must not slacken our efforts. This year, we must extricate peasants from poverty and lead them to prosperity at a higher level than previously, emphasizing the scientific, intellectual, and educational fields, strengthening economic development in the impoverished areas, and enabling them to self-develop. The work of helping the impoverished must cover the masses and every household. Only when the masses can solve their food and clothing problems and gradually become rich, can we say that the work is complete.

Comrade Chen Guangyi highly commended the work teams at various levels for their spirit of serving the people wholeheartedly, and their good style of close ties with the masses. He hoped that this year, party and government units at various levels, especially those directly under provincial jurisdiction, would continue to play an exemplary role as front-runners, and regard the work of helping the masses in impoverished areas extricate themselves from poverty and become prosperous as an unshrinkable, honorary duty and historical responsibility.

At the same time, they should consider the above work a very good opportunity to improve the work style of various units, helping the masses in impoverished areas extricate themselves from poverty and become prosperous as an unshirkable, honorary duty and historical responsibility.

At the same time, they should consider the above work a very good opportunity to improve the work style of various units, strengthen service at the grass-roots level, and improve the cadres' quality. Therefore, the number of work teams organized and dispatched by various departments to help poor areas must not be less than last year, the quality of work should be better, and the work of helping poor areas must be done better.

The teams must work practically for grass-roots-level units in a sound manner, and solve both immediate and long-term problems, thus making contributions to changing the outlook of impoverished areas as soon as possible.

Attending the meeting were more than 200 people, including secretaries of leading party groups and heads of personnel sections of various departments, committees, offices, and bureaus directly under the province.

BEIJING TO BUILD NEW TV TOWER FOR ASIAN GAMES

OW261950 Beijing XINHUA in English 1606 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- A central television transmission tower, China's highest, is now under construction in west Beijing, today's "BEIJING DAILY" reported.

The 380-meter tower, a project of the color television studio and production center, will be used for the 11th Asian games scheduled for 1990 in Beijing, the paper said.

"The new tower will be equipped with advanced instrumentation and boast better transmission capacity than the previous 180-meter-high tower built in 1960's," the paper said.

A palace lantern shaped structure and a rotating restaurant will be built on the tower, to be located on the northwest side of the Yuyuantan Park.

NEI MONGGOL ELECTORAL WORK CONFERENCE ENDS

SK200931 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Feb 87

[Text] The 4-day Nei Monggol regional electoral work conference ended in Hohhot today. During the conference, the participants conscientiously studied the local organic law and the electoral law which were revised at the 18th Standing Committee meeting of the 6th NPC and the relevant documents of the CPC Central Committee, and discussed plans and suggestions for the end-of-term elections for 1987.

Responsible comrades of various leagues and cities talked about their own plans for this year's end-of-term elections at the conference.

Chao Luomeng, vice chairman of the regional Electoral Committee, presided over today's meeting. Batubagen, deputy secretary of the regional party committee, chairman of the regional People's Congress Standing Committee, and chairman of the regional Electoral Committee; and Zhou Rongchang, vice chairman of the regional Electoral Committee, attended the conference. Seyinbayaer, and Butegeqi, vice chairman of the regional People's Congress Standing Committee, also attended the conference.

Batubagen gave a summing-up speech at the conference. He said: In view of the fact that this year's end-of-term electoral work differs from that of the previous two end-of-term elections, we have set forth new tasks for the broad masses of cadres and the people. Therefore, all leagues, cities, banners, and counties should dispatch a considerable number of cadres to organize powerful electoral work groups. They should work on the forefront and extensively conduct education on the legal system with a focus on the electoral law and the local organic law among the people of various nationalities, so that the people will consciously and actively participate in the mass electoral activities. It is necessary to train the electoral work group members so as to enhance their understanding of the electoral work and to enable them to genuinely understand the relevant electoral laws and regulations to familiarize themselves with all legal procedures, and to do their electoral work proficiently.

Batubagen said: In the end-of-term elections, we should first experiment. All leagues and cities may conduct experimental work in a selected banner or county and comprehensively spread out the work after obtaining experience.



Banners and counties, in addition to successfully carrying out their own election of deputies, should also strengthen leadership over the election of deputies of sumu, townships, and towns and guarantee the smooth progress of the end-of-term electoral work.

Batubagen stressed: During these end-of-term elections, it is necessary to bring democracy into full play and to manage things strictly in accordance with the law. We should do hard and meticulous work and should not think the electoral work troublesome. We should not simplify matters, practice formalism, and do prefatory work.

#### SHANXI COMMENTARY URGES IMPROVED FAMILY PLANNING

HK230643 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 22 Feb 87

[Station commentary: "Get a Really Good Grasp of Transformation in Backward Areas"]

[Excerpts] Shanxi has scored marked success in family planning work since last year, as the party and government leaders at all levels have unswervingly grasped this work, implemented the party's family planning policies, and taken effective measures to correct anomalies, thereby controlling excessive population growth.

However, we must also realize that Shanxi will still be at birth peak in 1987, and signs of population growth getting out of control have appeared in certain areas. In particular, the rate of births not covered by the plan is still very high in some counties where the rate of birth of a second child or more not covered by the plan exceeded 10 percent. In Yushe, this rate was as high as 30.68 percent. There were 40 counties where the rate of birth of a second child or more not covered by the plan exceeded 20 percent. In the southern suburban areas of Taiyuan, this rate was as high as 29.06 percent.

In the face of this serious situation, the focal points in the province's family planning work this year are to continue to strengthen the weak links and get a good grasp of transformation in backward areas. By doing so, we will greatly reduce the number of births not covered by the plan and improve the family planning level of the whole province.

Frankly speaking, grasping transformation of backward areas is not just the affair of the units in those areas. The leaders at all levels must seriously tackle it. In accordance with the central authorities' demands, it is necessary to enhance understanding of promoting family planning work. In conjunction with reality, we must help the backward areas and units to find out the reasons and formulate measures for rapidly transforming their backwardness. [passage omitted]

We must advocate that each couple have only one child, and stabilize the existing family planning policies. We must firm up measures for implementing the policies on family planning and on reward and penalty, and the contraceptive measures. We must seriously organize party and CYL members to practice family and planning, and seriously deal with those members who exceed the permitted number of births. [passage omitted]

HEILONGJIANG GOVERNMENT PLENARY SESSION ENDS

SK230337 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 21 Feb 87

[Text] The provincial government plenary session ended on 21 February. At the session it was pointed out that all government functional departments at all levels should focus their work closely on reform, extensively carry out an in-depth campaign on increasing production and practicing economy and on increasing revenue and cutting down expenses, and display their own vanguard role in grasping the central task of the economic work of building the national economy on a long-term and stable basis.

The provisional government plenary session opened in Harbin on 20 February. The principle responsible comrades of the provincial government's 17 subordinate departments delivered work reports at the plenary session.

Governor Hou Jie gave a speech on how to enable the various government departments to fully display the functions of government organs this year and how to play a leading role in the province. Comrade Hou Jie pointed out: The central task for this year's economic work is to extensively carry out an in-depth campaign on increasing production and practicing economy and on increasing revenue and cutting down expenses. The provincial government organs should play a leading role in this campaign. All provincial-level departments should adopt resolute measures; take the lead in alleviating the overheated atmosphere, cutting down operating funds, and fostering the good habit of building the country and managing all undertakings industriously and thriftily; and set good examples for the entire province.

In his speech, Comrade Hou Jie stressed: Provincial-level organs should give consideration to the overall situation, bear the whole situation in mind, and do a good job in the work of their own departments. In the future, all departments should conscientiously implement the decisions made by the provincial government, provided they are correct. It is necessary to understand the importance of taking the overall situation into account from the perspective of enforcing discipline. The principle responsible persons of the departments should be called to account if their personnel give no consideration to the overall situation, practice selfish departmentalism, affect the work adversely, and cause losses.

Comrade Hou Jie pointed: It is necessary to speed up the change of the government functions. All departments should focus their work on serving the grass-roots levels, production, and the masses and sincerely and wholeheartedly help grass-roots enterprises solve their practical problems in production and livelihood. All levels from the higher to the lower levels should work in unison and exert joint efforts to make the province's work a success.

HEILONGJIANG RALLY ON PRODUCTION, EXPENSES

SK240239 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 23 Feb 87

[Text] On 23 February, the provincial party committee and government held a radio and television mobilization rally to call for increasing production, practicing economy, increasing revenue, and cutting down expenses. It called on the people throughout the province to take immediate action, to actively respond to the call of the party Central Committee and the State Council, and to participate in the campaign to increase production and cut down expenses.

Sun Weiben, secretary of the provincial party committee, attended the rally. Chen Yunlin, deputy secretary of the provincial party committee, presided over the rally. [passage indistinct]

Hou Jie said: This year's fighting goal for increasing production and revenue and for cutting down expenses is to increase the total product of society and the national income by more than 5.8 percent respectively, to reduce the material consumption for social production by 2 percent, to increase the taxes and profits of industrial enterprises by 6 percent or more, to reduce the workshop operating funds and the enterprise management funds by 10 percent, to cut down production cost by 2 percent, to drop the deficits of money-losing enterprises by more than 30 percent, to increase the profits of commercial enterprises by 10 percent or more, to reduce their deficits by 20 percent, to cut down circulation funds by 2 percent, to reduce the deficits of agricultural enterprises by 15 percent, and to reduce the construction cost of capital construction and technological transformation projects by 5 percent or more. Each worker and staffer throughout the province should be responsible for increasing state revenue by 100 yuan.

In order to fulfill the aforementioned fighting goal, we should strive to deepen enterprise reform, instill greater vitality into enterprises, and focus the work on invigorating large and medium-sized enterprises and relax control over small enterprises. We should carefully organize production, ensure the growth of production and revenue, continue to reduce the scope of investment in capital construction projects, guarantee funds for key construction projects, cut down financial expenses, oppose extravagance and waste, strengthen management, and strive to reduce material consumption. We should also tap potential in an effort to increase income and to guarantee an increase in financial revenue.

Governor Hou Jie said: Conducting the campaign on increasing production and revenue and on cutting down expenses is this year's central task for the economic sector. Leading organs and cadres at all levels should take the lead in implementing the plan put forward by the party Central Committee and the State Council and the relevant stipulations of the provincial party committee and the provincial government, and rely on the wisdom and strength of the broad masses of people to win and overall victory in this campaign.

Chen Shijun, vice chairman of the provincial Trade Union Council; Wang Yuehua, secretary of the provincial CYL Committee; Liang Weiling, chairman of the provincial Women's Federation; and (Ma Jibo), director of Harbin Bearing Plant, gave speeches respectively at the rally. Also attending the rally were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Committee, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, the provincial Military District, and the PLA units stationed in the province, including Chen Lei, Li Jianbai, Zhou Wenhua, Bai Jingfu, Wang Fei, An Zhendong, Liu Zhongli, Jing Bowen, Wang Weizhi, Shao Zhao, He Daoquan, and (Han Xiteng).

#### JILIN'S GAO DI DISCUSSES BOURGEOIS LIBERALISM

SK251100 Changchun JILIN RIBAO in Chinese 13 Feb 87 pp 1, 3

[Article by Gao Di: "Uphold the Four Cardinal Principles, Oppose Bourgeois Liberalism"]

[Text] Opposing bourgeois liberalism represents a serious ideological and political struggle. Such a struggle has vital bearing on the party's fate, on the future of socialism, and on the success or failure of the drive to conduct overall reforms and to enforce the policy of opening to the outside world.



In 1979 Comrade Deng Xiaoping pointed out: "The central authorities contend that in realizing the four modernizations in China, we must uphold the four cardinal principles ideologically and politically, which are the fundamental premise of building the four modernizations." Recently, Comrade Deng Xiaoping again stated: "We should uphold the four cardinal principles by taking a clear-cut stand; otherwise, we will be letting bourgeois liberalism drift." Therefore, in waging struggle against bourgeois liberalism, it is imperative to present facts and reasons to clearly elaborate the necessity of upholding the four cardinal principles and the harmfulness of bourgeois liberalism.

#### Uphold the Socialist Road [subhead]

There are those, including Fang Lizhi, who advocated that China should be "totally Westernized." What is total Westernization? Fang Lizhi's answer was, "It is necessary for us to learn from all Western things, including science, technology, culture, politics, ideology, and morality, and even political systems and ownership." In giving a clear answer to the question why we should do so, Fang Lizhi stated: "Judging from the socialist systems, all things done by us over the past 20 years have been deficient"; and "judging from the orthodox socialism early implemented by Marx and Lenin and later by Stalin and Mao Zedong, all results scored by us to date have actually been deficient."

The "resolution" adopted by the CPC Central Committee with regard to the guiding principle of building the socialist spiritual civilization points out: "Bourgeois liberalism means to negate socialist systems and to advocate capitalist systems, and totally runs counter to the people's interest and historical trends, and will be resolutely opposed by the vast number of people." The "total Westernization" raised by Fang Lizhi represents a typical view of preaching bourgeois liberalism. Such a view has brought about an evil influence among youths and students in society.

These opinions are related to the essential issue of whether China has to take the socialist road. Recently Comrade Zhao Ziyang pointed out: There are two questions that should be elaborated on before youths. One is whether we can compare a developing country like China with the developed capitalist countries, and the other is whether socialism or capitalism will save China. These questions raised by Comrade Zhao Ziyang have gripped the most principal ideological problem among the youths at present. Dealing with this problem has a vital bearing on upholding the socialist road and the four cardinal principles.

The socialist road upheld by the Chinese people has been proven correct by history. Comrade Deng Xiaoping pointed out: "Only socialism can save China. This is an unshakable historical conclusion made by the Chinese people through their personal experiences gained over 60 years from the 4 May Movement to the present."

The Chinese nation is an outstanding nationality. Over the past several thousand years, it has taken the lead in both culture and the economy. Only this area has China lagged behind due to the repression of feudal systems and the aggression of imperialism.

Since 1840, when the Opium War occurred, advanced elements of the Chinese people have sought truth from the Western countries through untold hardships. Hong Xiuquan, Kang Youwei, and Sun Zhongshan were representative figures in the search for truth from the Western countries before the founding of CPC. At that time, the people contended that only by learning from the West and enforcing capitalism could China have a future. However, China never made progress in this regard and always ended in failure. The reason why China failed in this regard lies with imperialism, which has never allowed China, a large country, to become wealthy. If it becomes rich, imperialism will lose a large base of raw materials and the high-demand markets of its commodities. Meanwhile it will have a stronger opponent with which to compete. [paragraph continues]

As Comrade Mao Zedong stated well in his article "On the Peoples Democratic Dictatorship," China originally attempted to regard the West as a teacher. However, the teacher always hit his student.

Sun Yat-sen was the great pioneer of the Chinese democratic revolution. Under his leadership, the Revolution of 1911 overthrew the rule of the Qing Dynasty, ended China's feudal autocracy, which lasted for more than 2,000 years, scored a great victory, and opened up a road for future revolution. However, because of the weakness of the bourgeois of the Chinese nation, which included its anti-imperialist and antifeudalistic revolutionary nature on the one hand, and its countless feudal links on the other; its lack of thoroughness in revolution; and its illusions of realizing democratic politics through making compromise with the revolutionary enemies, the leadership of this great revolution was usurped by the feudal warlords. China fell into tangled fighting between warlords, and the imperialists took advantage of this opportunity to invade and divide up China. Sun Yat-sen summed up the lessons in leading the bourgeois democratic revolution. He finally realized that to realize his magnificent goal of saving China, he had to unite with the Soviet Union and the Communist Party to support peasants and workers. After that, the Chinese Kuomintang (KMT) represented by Chiang Kai-shek betrayed Dr Sun Yat-sen. The KMT represents the interests of the big landlords and the bureaucrat-comprador bourgeoisie, yields to imperialists externally, and implements the fascist dictatorial rule domestically. It is a faithful imperialist agent of China. For 22 years, under the rule of the KMT reactionaries, the land of China disintegrated and disaster victims were everywhere. China further became an imperialist colony and semicolony.

Under the leadership of the Chinese Communist Party and after 28 years of hard struggle, the Chinese people overthrew the three great mountains of imperialism, feudalism and bureaucrat-capitalism which weighed on the backs of the Chinese people, and established the New China. From that time on, the Chinese people stood up and marched toward the broad path of socialism. Today, in the great land of China where the socialist system has become deeply rooted, some people even go so far as to advocate "total Westernization" again. This is absolutely opposed by those who have national pride, self-respect, and self-confidence.

Some people have the idea that China cannot catch up with the developed capitalist countries in many respects. Therefore, they doubt the superiority of the socialist system. This results from their failure in judging problems from a historical and class viewpoint.

Some people have always compared China with the United States. Since the victory of the American War of Independence in 1776 and since the victory of the bourgeois revolution, this capitalist country has a history of development of 210 years. It has many exceptionally good natural conditions. During the two world wars, it gained tremendous interests and accumulated huge wealth. In the case of China, it has suffered from endless foreign invasions in the recent 100 years and more, ceded territory, and paid indemnities. The separatist warlord regimes and the endless civil wars made China completely lose its vitality. New China has been established for just a little more than 30 years. During this period, it underwent the war of resistance against U.S. aggression to aid Korea, the long blockade implemented by the imperialists, and the betrayal of a superpower. How can we compare it with the United States?

In the world of today, India is the only country that has similar national conditions and comparable given conditions with China. The two countries are centuries-old countries with an ancient civilization and they were once an imperialist colony or semicolony. China was liberated in 1949 and India won its political independence in 1948. Both China and India are two big developing countries with the largest populations in the world. [paragraph continues]

One has a population of more than 1 billion and the other has a population of nearly 700 million. Their conditions are generally similar. What is different between the two is that China has chosen the socialist road and India has chosen the capitalist road. Today, after a period of more than 30 years, the economic and social development of China has greatly surpassed that of India. As of the middle of 1980's, China's total industrial and agricultural output value showed an increase of more than 20 times over the liberation period. India merely witnessed an increase of less than four times. China's total area of arable land accounts for just 70 percent of that of India; however its population is 40 percent larger than that of India. The average per-capita amount of grain in China is double that of India. During this period, India has received support from the United States, Great Britain, and the Soviet Union. It has benefited from the international environment. This effectively shows that the socialist system is much better than the capitalist system.

Old China was the target of plunder by imperialists. From the beginning of the Opium War to the founding of the PRC, almost all the imperialist countries in the world committed aggression against China. Comrade Deng Xiaoping pointed out: "It is true that socialist China still lags behind the developed capitalist countries in the economic, technological, cultural and other fields. However, it is not a result of the socialist system but, fundamentally speaking, a result of the pre-liberation history, of imperialism, and of feudalism."

Comrade Deng Xiaoping also said: "The socialist revolution has greatly narrowed the difference in economic development between our country and the developed capitalist countries." From 1951 to 1980, the average annual industrial output value increase of China was 12.5 percent, that of Britain was 2.3 percent, that of the United States 4 percent, that of France 5 percent, that of West Germany 5.8 percent, that of Japan 11.5 percent, and that of India 5.9 percent. During the same period, the average annual agricultural output value increase of China was 4 percent, that of the United States was 1.6 percent, that of Britain 2.3 percent, that of France 2.5 percent, and that of India 2.6 percent. Thanks to the rapid growth, the economic strength of our country has increased continuously. China's place in steel output, coal output, crude oil output, electricity output and cotton output has risen from being the world's 26th, 9th, 27th, 25th, and 4th in the early postliberation period to being the world's 4th, 2d, 6th, 5th and 1st respectively. At present, China's grain output ranks second in the world, next only to the United States, and its cement and cotton yarn output ranks first.

Capitalist society is one of polarization, with a small number of millionaires or billionaires on the one side and a vast number of the exploited on the other. Unemployment is a serious social problem of the capitalist countries. In the United States, the average monthly number of people who lost their jobs was 3 million in the 1950's, and it rose to 3.5 million in the 1960's, to 5.8 million in the 1970's, and 8.2 million in the 1980's. The unemployment rate has increased from 4.5 percent in the 1950's to 8 percent. Unemployed workers have difficulty in maintaining their means of livelihood. There are 33 million people living in poverty in the United States. It is the result of an irrational capitalist system to have both the capitalists' profits and the unemployment rate double and redouble simultaneously.

"Infinitely beautiful as the setting sun may be, it is falling and dusk is approaching." Capitalist societies still enjoy some scenes of prosperity at present, but they are societies without good prospects after all. Of course, the decline of capitalism is a long historical course, but it is a necessity of social development. In a society without good prospects, people will have no lofty ideals nor hopes, and will become dispirited and impractical in their thinking, and drug addiction, suicide, promiscuity, robbery and other pollution in society will become too great to be eliminated. [paragraph continues]



Comrade Deng Xiaoping pointed out: "Capitalism can in no way eliminate the superprofits of millionaires, free itself from exploitation and plunder, establish common ideals and moral integrity, and avoid extremely serious crimes, degeneration, and desperation of various types." Therefore, capitalism will eventually be replaced by socialism.

As a brand-new social system, socialism is still not very mature and perfect, but it has bright prospects just like the sun rising in the Eastern sky. Through reform, socialism will be improved gradually, and its superiority will manifest itself more and more notably. In the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, the development of our country became the focus of world attention. Compared with 1978, China's industrial and agricultural output value increased by 96.8 percent in 1985. In 1986 its industry grew by 9.2 percent, while the economy of those developed capitalist countries that began to resuscitate after the economic crisis grew by only 2.7 percent. According to the strategic arrangements of the 12th party congress, the 1980's is a period for laying a solid foundation, and the 1990's is one for development. When a solid foundation is laid and the relations between the various sectors are brought into better balance during the Seventh 5-Year Plan, the development of our country will be even faster. We should go through in 100 years the historical course that has taken the capitalist countries 300 years to go through. Practice has proven and more practice will continue to prove that socialism is superior to the capitalist system.

#### Persist in People's Democratic Dictatorship [subhead]

The Constitution stipulates that our country is "a socialist country that is guided by the working class, takes the worker-peasant alliance as a foundation, and exercises people's democratic dictatorship." If the people's democratic dictatorship is departed from, reunification of the nation, the unity of the people, unity between the people of all nationalities throughout the nation, and the realization of the four modernizations will become empty talk.

Our country is a socialist one that exercises people's democratic dictatorship. This determines that the people are the only masters of the nation and society, and enjoy the most extensive democracy and freedom after being freed from class exploitation and pressure. However, some people, particularly some young people with scanty experience in life, have misunderstood the people's democratic dictatorship system due to the fact that a small number of people enthusiastically advocated and disseminated bourgeois liberalism to confuse and poison the people's minds over the past few years. Thus, these people hold that there is neither democracy nor freedom under the political system of the people's democratic dictatorship, and that only Western capitalist society has true democracy and freedom. Fang Lishi publically advocated that "true freedom means that the people should be unrestricted and no one is able to govern others." In reality, there is no freedom of this kind in the world.

Marxist philosophy holds that freedom is to transform the understanding of necessity and the objective world, and that there will be no freedom if objective laws are violated. Speaking from the viewpoint of social categories, we know that there are the freedom of speech, freedom of the press, freedom to strike, and freedom of demonstration. However, freedom of any kind is closely related to and inseparable from the law. Liu Binyan held that the Western capitalist countries have freedom to an extremely great extent and the people there "are unrestricted in expressing their wishes." In reality, things are fundamentally different. For instance, the U.S. Constitution stipulates that at least 18 kinds of speech are not guaranteed. Holding gatherings and conducting processions are strictly restricted in capitalist countries. Many countries have definite stipulations in this regard. France has stipulations on parade processions and holding demonstrations as follows: Parading processions on roads must be reported to higher bodies in advance. [paragraph continues]

The higher bodies must submit the reports to the governments of provinces, cities, or towns 3 to 15 days before processions are held. Names of principal persons who organize the processions; their home addresses; aims, dates, and the duration of processional participating organizations and the roads they will pass while holding processions must clearly be written in reports. Governors and mayors are able to stop processions if they think that social order will be disturbed. Unarmed processions that are not reported to higher bodies in advance or that are forbidden can be stopped with military force. Some people hold that Hong Kong has the utmost freedom because it is a free port. In fact, the restrictions on holding gatherings and parade processions imposed by Hong Kong are stricter than those of all the other countries. Hong Kong's public security regulations stipulate that gatherings in public places involving more than 30 people, that express opinions on affairs which social personages show close attention to must be reported to the police 7 days in advance; and that holding a procession on roads involving more than 20 people must also be reported to the police 7 days in advance. Participants in the processions that are not reported in advance or that are forbidden by the police will be accused of violating public security regulations.

The situation concerning freedom of the press in capitalist society is also similar. The laws of France stipulate that newspapers and periodicals must be submitted to relevant departments for detailed registration before publication, and that reading matter that may possibly stimulate such activities as theft, murder, robbery, individual violence, and or arousal of the Army not to abide by orders, must be stopped. Early in the beginning of this century, prominent figures of the U.S. press circles brough the major press media to critically examine and revise various articles, to increase their wealth, and to ingeniously restrict and strangle the independent press media. Thus, the press circles never positively reported the worker's movement but criticized trade unions as criminal organizations and sources hindering the growth of production. Not long ago a reporter in the United States disclosed that a nuclear energy specialist with a doctor's degree last September declared that he was going on a hunger strike, asked the Reagan administration to carry out nuclear disarmament, and opposed the nuclear armament race. The U.S. press circles did not report this matter. While going on the hunger strike, he wrote a letter to THE WASHINGTON POST to state his purpose in going on the hunger strike and to criticize the policies of the Reagan administration. He also asked to have his letter published. This paper refused to publish his letter, since its contents opposed government policies.

Over the past years, those who have indulged in bourgeois liberalism have publicized how perfect capitalist democracy is. However, when the talk about democracy, they never mention the differences between socialist and capitalist democracy, but they often confuse youths who do not know Western society well in the guise of "pure democracy." Bourgeois democracy is based on the capitalists' private ownership of the means of production and represents the means of safeguarding and consolidating capitalist rule. In capitalist countries, only the bourgeoisie is the master of the country. It can seize and monopolize the rights of running the country and managing the economy and other social affairs by making use of their possessed production means, but the proletariat and the working people are only in a position of exploitation and repression. For example, many capitalist countries have put forward the electoral principles and systems of "general, equal, direct, and secret ballot," and their constitutions also stipulate that all citizens can enjoy the right to vote and voting. However, they also stipulate at the same time various restrictions on constituency qualifications.

Money can decide everything in the capitalistic countries, and property and money are also the premise of elections. France stipulates in explicit terms that only those who have paid their taxes over the past five consecutive periods can enjoy the right to vote. Some capitalist countries also stipulate that a cash deposit should be paid in the registration of candidates for members of Parliament. [paragraph continues]

During the electoral activities, these candidates also must spend a large amount of money. In the United States, the average electoral spending by each congressman reaches \$150,000 and by each senator, from \$500,000 to \$1 million. Spending to elect presidents in various countries is awfully large. With the sharp contrast in wealth and capital, the general electorate is totally unable to realize their will in participating in the management of the state.

The members of Parliament among the capitalist countries are all wealthy people, and some of them are capitalists and some are the agents of financial groups and companies. Therefore, they can only represent the interests of bourgeoisie, and they never represent the interest of the "citizens" as a whole.

Judging from its essence, socialist democracy is true democracy that can be enjoyed by the people as a whole and cannot be compared with bourgeois democracy. However, socialist democracy, like other things, also has a process of developing from a low standard to a higher one. Highly developed socialist democracy cannot be accomplished in one move, and is only gradually improved along with the development of the economy in the country, cultural improvement, and political progress. At present our democratic systems and life are not perfect at all. Because of this, our country has continuously improved the democratic systems and life in various social circles during the period since the 3d Plenary session of the 11th CPC Central Committee. Of course we must regard the task of building a highly developed democracy as our grand target, and is still necessary for us to make long-term effort in this regard.

#### Uphold the Party's Leadership [subhead]

Comrade Deng Xiaoping pointed out that the focus on upholding the four cardinal principles means upholding the party's leadership, and pointed out at the same time that the focus on conducting bourgeois liberalism means opposing the party's leadership. Over the past few years those who have conducted bourgeois liberalism have negated the party's leadership, attacked or vilified the party as "sinister," and have attempted to "change the color of the party" themselves. The issue whether the Chinese revolution needs the CPC's leadership and whether our party is able to lead the program of building the four modernizations represents a fundamental question that must be dealt with in criticizing the ideological trend of bourgeois liberalism.

China's Constitution clearly stipulates the legal leadership of the party in our country's political life. The leadership status of the Chinese Communist Party is not without foundation. It was formed during the protracted revolutionary struggles, paid for with the blood and lives of thousands upon thousands of people, and is a sacred mission which the Chinese people have entrusted to our party after undergoing all kinds of hardships and difficulties. In the modern history of China, the peasants, bourgeoisie, and petit bourgeoisie all once played a role in the political arena, and the results were all unsuccessful. Only under the leadership of the Communist Party -- the proletarian vanguard -- can the Chinese people establish a socialist country characterized by a people's democratic dictatorship. Without the Communist Party, there would not have been a New China. This is a historical conclusion.

Our party once committed mistakes. However, these cannot constitute reasons for the people who practice bourgeois liberalism to attack, weaken, cast off, and sabotage the party's leadership. The revolution and construction led by our party are a great cause without parallel in history, and are advancing in the course of explorations. It is impossible to avoid deviations and mistakes. Error is often the precursor of what is correct. Our party has matured, developed, and expanded in the course of unceasingly developing itself and correcting its mistakes. [paragraph continues]



During the new, democratic revolutionary period, our party overcame the left and right opportunist errors of Chen Duxiu and Wang Ming, underwent all trials, developed from a small to a large and from a weak to a strong force, and guided the Chinese people to establish the PRC. After entering the socialist stage, owing to the fact that our party was plagued by long wars and acute class struggle, it failed to make full preparations for the quickly developing socialist construction cause. Marxist-Leninist works could not provide prepared solutions for the various problems that emerged in our socialist undertakings. Our party committed a few major mistakes after the founding of the PRC, particularly during a period before the convocation of the 3d Plenary Session of the 11th CPC Central Committee and at the time when the party led the people to achieve tremendous successes. The party leaders had a subjective bias while analyzing the situation and recognizing national conditions. However, the party succeeded in correcting these mistakes one after another. According to the dialectical materialistic viewpoint, people's understanding is a process to push the relative truth to indefinitely approach the absolute truth. People's understanding is bound to be restricted by historical conditions. Therefore, some of the mistakes were unavoidable. This is true to each and every person and to a political party. The Communist Party is a proletarian political party. Only by liberating the entire mankind can the proletarians liberate themselves in the end. This makes the Communist Party represent the people's interests, serve the people, work impartially, and uphold the truth and correct mistakes for the people's sake. History has proven and will further prove that our party has the ability to lead the Chinese people in attaining the final goal of building socialist modernization.

Those persons who practice bourgeois liberalism have attacked the party under the signboard that the party indeed has unhealthy trends, and some of them are very serious. However, this is not strange. Lenin said: "The socialist democratic party persons do not think they are wise men because they know that the proletarians will often be contaminated by dirty things from the bourgeoisie around them." The party is not living in a vacuum. Under the situation of opening up to the outside world at home and abroad and while there are lots of good things emerging, it is hard for the party to develop without being tainted with bad things. Some people have taken advantages of reform to violate the law and discipline, to seek personal gain by abusing their powers and positions, and to harm the interests of the state and the people. However, this accounts for merely a small number and is not the main trend of the party. This dirty and corrupted phenomenon is illegal. The party has already taken and is taking measures to solve and correct this problem. The main trend of the party is good, and a majority of our party members have firmly kept the party's purpose in mind. They are honest in performing their official duties and are diligent and conscientious in serving the people. Lei Feng was a shining example.

The CPC is the leading core of the Chinese people. It is conceivable that China, with a large population, a vast territory, a backward economic situation, and complicated conditions, will never be able to unite the thinking and forces of all people of the nation without the unified leadership of the party armed with Marxism-Leninism-Mao Zedong Thought; has a high organizational, disciplinary, and sacrificing spirit; maintains flesh-and-blood ties with the masses of people, and enjoys high prestige among the people. Comrade Deng Xiaoping pointed out: "A big country like China will certainly be split up and attempt nothing if there is no leadership of the Communist Party." Negating the party leadership is to oppose the fundamental interests of the people. The Chinese people will never permit this.

Persist in Marxism-Leninism-Mao Zedong Thought [subhead]

Over a period of time, the small number of the people advocating bourgeois liberalism have turned their spearhead toward the guiding ideology of our party and the scientific theory of Marxism-Leninism-Mao Zedong Thought. [paragraph continues]

Fang Lishi stated with certainty: "China cannot rely on Marxism to solve its current problems." "Marxism, as a kind of science, has completed its historical mission. Now we must pursue new truth." Liu Bingyan also said that Marxism is "an outdated ideology." "The CPC Central Committee's Resolution on Guiding Principles for Building Socialist Spiritual Civilization" points out that "persistently taking Marxism-Leninism-Mao Zedong Thought as guidance is the foundation for our country's socialist modernization cause." Negating Marxism is fundamentally negating the party leaders and the socialist system of people's democratic dictatorship.

Marxism, which was created by Marx and Engels after summing up the experiences of the European workers' movements and criticizing and inheriting all fine achievements created in human history, is an integrated scientific and theoretical system as well as the crystallization of human wisdom. This theoretical system exposes the law of the general development of human history and the law of special movements in capitalist society. Through scientific analysis, this system "proves that capitalism will certainly collapse but will be transformed into a communist system where the tendency of exploitation of man by man does not exist." The history of the international communist movement has proved 100 years after Marxism had been formulated that Marxism is the fighting banner and a book to guide the action of the proletariat and the oppressed people and nations of the world. Under the banner of Marxism, the communist movement has developed itself into an extensive worldwide mass movement, and the socialist system has won independence among a series of newly-emerging countries and many colonial and semicolonial countries. Marxism's great role in changing the historical features of the world completely proves its boundless vitality.

After the May fourth Movement, the CPC was established on the basis of linking the extensive spread of Marxism with the Chinese workers' movement. Mao Zedong Thought was created due to the fact that the CPC members ceaselessly absorbed wisdom and force from the treasure trove of Marxist theory, pursued the orientation and methods to solve problems for China, and applied Marxism-Leninism to the course of the Chinese Revolution. Mao Zedong Thought is a product which links the universal truth of Marxism-Leninism with the concrete practice of the Chinese Revolution, stands for the CPC members with Comrade Mao Zedong as the principal representative, theoretically sums up, according to basic Marxist-Leninist principles, a series of experiences gained through the long-term Chinese Revolution, and is a scientific guiding ideology which is suited to the situation of China. The CPC members have won victories one after another under the guidance of Marxism-Leninism-Mao Zedong Thought.

Practice of the world revolution and the Chinese revolution prove that Marxism is a universal truth everywhere. Those who say that Marxism is outdated and that it can not help solve the present problems are utterly ignorant of Marxism. Marxism is a complete and well-organized scientific system, which is composed of three parts including philosophy, political economics, and scientific socialism, with dialectical materialism as its theoretical basis. Basic Marxist theory will never be outdated. At present the progress of science makes things more complicated. However, the changes will not depart from their origins and from the movement concerning contradictions of the objective world. At present we pay attention to information theory. Actually, information is just a timely reflection of the objective things in the people's minds. Systems theory stresses the mutual ties and mutual influence of objective things. These can be explained scientifically with the dialectical materialist theory of knowledge and methodology. Marxism cannot take the place of all specific fields of science, but it can give them correct guidance. Lenin once called on the natural scientists to serve as conscious dialectical materialists. Fang Lishi said: "I have been opposing the practice of taking Marxist philosophy as a guiding philosophy." This is absolutely wrong.

Some people have used our mistakes in work to prove that Marxism-Leninism-Mao Zedong Thought is "ineffective." [paragraph continues]

This is unreasonable. First, I have mentioned above that owing to the existing subjective and objective contradictions, it is hard for all political parties to avoid mistakes. Second, despite the party's mistakes of one kind or another and the serious mistakes during the "Great Cultural Revolution," the party's achievements are the main aspects of our work. Our party's mistakes were precisely caused by the fact that some comrades inside the party failed to approach Marxism with a Marxist attitude. For example, some people took "class struggle as the key link" to expand class struggle. In the "Communist Manifesto" Marx and Engels once pointed out that "after seizing political power, the proletarians should undertake the task of trying their best to expand the total volume of the socialist productive forces." Protractedly persisting in "taking class struggle as the key link" after seizing political power is a practice incompatible with Marxism and the reality of China. The recent rampancy of bourgeois liberalism has been caused by the fact that some comrades have deviated from Marxism. Therefore, the party Central Committee has put forward in a timely manner that we should never yield to the ideological trend of bourgeois liberalism. Instead, we should resolutely resist it.

Marxism is an unconquerable weapon for understanding and transforming the world. We should use the Marxist stand, viewpoints, and methods to analyze and solve complicated practical problems, and guarantee that our socialist cause will win unceasing and new successes under the guidance of Marxism-Leninism-Mao Zedong Thought.

In order to master and make good use of Marxism, we should organize the party members, cadres and the people, particularly leading cadres and young students, to study Marxist theory, and particularly dialectical materialism and historical materialism, which are regarded as the scientific world outlook and methodology. Over the past few years we have failed to sufficiently grasp the study and propaganda of Marxism-Leninism-Mao Zedong Thought. This is the fundamental reason for some people's ideological confusion. In the future, we should conscientiously grasp this major matter of extremely great political significance.

#### LIAONING CIRCULAR ON VILLAGE PARTY RECTIFICATION

SK240737 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 23 Feb 87

[Text] The party rectification work guidance group of the provincial party committee issued a circular on conducting overall and large-scale inspection of village-level party rectification work to help the grass-roots party organizations discover and solve major problems concerning party rectification in order to thoroughly and comprehensively fulfill the rural party rectification tasks with high standards and high quality.

The circular calls on party committees at all levels to appropriately adopt favorable measures to solve in a timely manner the problems and weak links which are to be discovered through inspection. The units that are proven qualified through inspection will be allowed to conclude their party rectification work and to shift to the day-to-day work of party ideological, work style, and organizational building. Some units proven unqualified through inspection should make up for where they lag behind. Units that conducted party rectification work perfunctorily should reconduct their party rectification work with the assistance of personnel dispatched by the country and township party committees.

In line with the plan and requirements of the provincial party committee, the party rectification work guidance group of the provincial party committee has sent inspection groups to all localities to inspect village-level party rectification work.



GANSU MEETING DEBATES RURAL PARTY RECTIFICATION

HK220241 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 21 Feb 87

[Excerpts] A provincial conference on rural party rectification, which concluded in Lanzhou today, pointed out that it is necessary to seriously follow the demands of the central authorities and the Central Commission for Guiding Party Rectification and make a success from beginning to end in completing the task of party rectification in the province. [passage omitted]

The meeting demanded that all localities do a good job in the second stage of village-level party rectification. During this stage, it is necessary to focus on grasping three issues: 1) Work hard at conducting education in the party's basic program and policies, to enhance the party members' awareness; 2) work hard to solve outstanding problems among party-member cadres, and strictly enforce party discipline; and 3) seriously grasp the building of the leadership groups. Through party rectification, we should truly ensure that the rural party members can have a thorough understanding of the party's basic rural policies and bring about a marked improvement in their ideological and political awareness.

The conference pointed out that all localities must get a good grasp of resolving leftover problems and strive to develop and consolidate the fruits of party rectification. Leftover cases should in general be handled by the end of June. [passage omitted]

Provincial leaders Li Ziqi, Liu Bing, Hou Zongbin, and Wang Zhanchang spoke at the conference.

QINGHAI COMMENTARY WANTS 'RED AND EXPERT' STUDENTS

HK260641 Xining Qinghai Provincial Service in Mandarin 2300 GMT 25 Feb 87

[Station commentary: "Take the Road of Becoming Red and Expert Talented People"]

[Excerpts] The new semester has opened. During this semester, students at tertiary education institutes will be considering how to make progress and improve themselves during the year. In particular, those who will be graduating this year should all the more consider how they will be able to serve the people still better.

To go to university is a new start in the life of every student. To take the road of becoming a talented person is the common aspiration of every student. However, to take this road, it is necessary to pay attention to two issues: 1) It is essential to have firm political orientation; and 2) it is essential to have the spirit of arduous struggle and the sense of responsibility in doing assiduous study.

China's economy is not yet developed. Qinghai's economy and culture is even more backward. To invigorate China and make Qinghai soar to the sky will require the unceasing efforts of several generations. The students should cherish their hard-won opportunity of attending university to study earnestly and assiduously, to repay the motherland in the future.

Students now attending university have been cultivated and educated by the party for many years. After going to university, they must never forget the party's consistent teachings and always remember that they are socialist students. They must seriously study Marxism-Leninism-Mao Zedong Thought and correct their goals of study. [passage omitted]

We believe that the university students in Qinghai will, in the new semester, enhance understanding and consciousness of upholding the four cardinal principles and resisting the ideological trend of bourgeois liberalization as a result of the struggle against bourgeois liberalization now unfolding, and advance in big strides along the road of becoming red and expert talented people.

#### QINGHAI REPORTS INCREASING NUMBER OF BIRTHS

HK210217 Xining Qinghai Provincial Service in Mandarin 2300 GMT 20 Feb 87

[Text] The increase in the number of births in Qinghai was rather great last year. All areas and units must step up family planning work.

According to a recent sample survey conducted by the provincial statistics bureau, in 41 townships and 14 counties and cities, the birth rate in the province last year was 22.56 per 1,000, and there were 66,700 births. The provincial Family Planning Commission says that there are four main reasons for the notable rise in the number of births from a decline: 1) Those born around 1963 have now entered the age of child-bearing; 2) the province has appropriately relaxed the conditions governing the birth of a second child in urban areas; 3) grass-roots family planning organs are not on a sound basis. At present about 30 percent of the townships and towns in the agricultural area have no family planning organs; and 4) the technological force is weak.

The departments concerned hold that, to ease the birth peak, it is essential to get a thoroughly good grasp of family planning work, and insist on late marriage and late child-bearing and fewer and better quality births.

#### SHAANXI LEADERS ATTEND PRODUCTION, ECONOMY RALLY

HK210531 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 21 Feb 87

[Excerpts] The provincial party committee and government held a rally in Xian on 20 February to mobilize the drive to increase production and practice economy and increase revenue and economize expenditure. [passage omitted] Provincial party committee Secretary Bai Jinian presided at the rally. Zhang Boxing, deputy secretary of the provincial party committee and governor, made a report. [passage omitted]

The rally was attended by responsible comrades of the provincial party committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, government, CPPCC, and Military District; the Xian, Baoji, Xianyang, and Tongchuan City party committees and governments; and Weinan and Shangluo Prefectural party committees and commissioner's offices; responsible comrades of provincial party committee departments, mass bodies, the provincial court, procuratorate, provincial government departments, State Council ministry and commission units in Shaanxi; Xian tertiary education institutes, the media, and large and medium enterprises of various provincial systems in the Xian area. Responsible comrades of the Xian offices of the people's governments of the Xinjiang, Xizang, and Ningxia Autonomous Regions and Gansu, Qinghai, and Liaoning Provinces were also invited to attend.

The provincial party committee and government have issued a decision on launching the province-wide drive to increase production and practice economy and increase revenue and economize expenditure. The decision pointed out: Mobilizing the people of the province to launch this drive is a major affair to be grasped in economic work this year.

It is of great practical significance in the province's economic construction at present. It is of far-reaching impact for ensuring sustained, steady, and coordinated development of the province's economy and reviving and carrying forward the party's glorious tradition of hard struggle. [passage omitted] The decision made the following points:

1. In industry and communications, it is necessary to pay attention to ensuring an appropriate production growth rate and also to pay even more attention the economic results. We must do a good job in all work, centered on improving economic results. [passage omitted]

2. We must resolutely implement the principle of ensuring projects covered by the plan, cutting projects outside the plan, ensuring productive construction, cutting non-productive construction, ensuring key construction projects, and cutting non-key projects. In the future, the areas and departments must devote efforts to tapping the potentials of existing enterprises and improving economic results. They should not compete with each other in getting hold of investment and launching projects.

3. In the rural areas, we must guide the peasants to continue to deepen the reforms. We must gradually reform the system of state procurement and quota assignment for agricultural products, set up and perfect a market setup for these products, and vigorously develop socialist commodity economy. We must continue to strengthen the agricultural foundation, and in particular attach importance to grain production. We should also rationally readjust the production structure while ensuring steady growth in grain production, and vigorously develop diversification. We should in particular revive cotton production as much as possible and grow more cotton.

4. We must vigorously open up new sources of wealth and ensure steady growth in financial revenue and a balance between revenue and expenditure. [passage omitted]

5. Commercial enterprises should actively promote structural reform, open up a variety of circulation channels, and make proper arrangements for the markets. [passage omitted]

6. It is necessary to resolutely cut all expenditures and oppose lavishness, extravagance, and waste. [passage omitted] From now on, it is forbidden to arbitrarily increase the number of organs or staff. Associations, centers, and so on must truly be run as non-governmental bodies and gradually become self-supporting. [passage omitted]

#### WANG ENMAO AT XINJIANG MEETING ON LIBERALISM

HK201107 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 19 Feb 87

[Excerpts] During a meeting of cadres at three levels held in the Changji Autonomous Prefecture of Hui nationality on 16 February, Wang Enmao, vice chairman of the CPPCC National Committee and chairman of the autonomous regional Advisory Commission, delivered an important speech on upholding the four cardinal principles and opposing bourgeois liberalization, on adhering to the socialist public ownership, on attaching importance to grasping agriculture, and on displaying the spirit of plain living and hard struggle and of building up the country with industry and thrift.

In his speech, Wang Enmao said: We must uphold the four cardinal principles and oppose bourgeois liberalization. [passage omitted]



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He said: Upholding the four cardinal principles and opposing bourgeois liberalization are currently important tasks of our party and will remain our party's important tasks for a long time to come. We must do well in firmly and successfully grasping these important tasks.

Wang Enmao said: We must adhere to the socialist public ownership. China is now at the elementary stage of socialism with the existence of all types of economic sectors. State, collective, and individual economic sectors must be promoted at the same time. However, state and collective economic sectors must occupy dominant places and the individual economic sector can only play a supplementary role in our socialist economy. We must attach importance to developing state and collective economic sectors, increase state and collective revenues, spend such revenues on construction projects for the whole people and collectives, and constantly improve people's material life and cultural life, with the ultimate aim of achieving common prosperity. The spirit of being selfless is the fine moral tradition of the Chinese nation. During our country's socialist period, it is even more necessary to promote and display this spirit. Some people's criticism and negation of this spirit are completely wrong.

Wang Enmao said: We must insist on attaching importance to successfully grasping agriculture. Agriculture is the foundation of the development of the national economy. This is the law of economic construction. [passage omitted]

We must insist on attaching importance to agriculture, achieve an all-round increase in the production output of farming, forestry, animal husbandry, sideline occupations, and fishery, particularly an increase in the output of grain, and strive for achieving our autonomous region's 10th year of bumper harvests this year [passage omitted]

Through upholding and displaying the spirit of plain living and hard struggle and of building up the country with industry and thrift, we must increase production output, practice strict economy, increase accumulations as far as possible, and use increased accumulations for promoting construction projects and developing production. [passage omitted]

We must implement the directives issued by the CPC Central Committee and the State Council on increasing production and practicing economy and on increasing revenue and reducing expenditure, and carry out and score outstanding achievements in the drive to increase production and practice economy.

Wang Enmao said: We must persist in seeking truth from facts and handle affairs in accordance with dialectics. In promoting socialist modernization, it is quite necessary for us to attach importance to studying science and technology. However, attaching importance to the study of science and technology at the expense of ignoring the study of Marxism-Leninism-Mao Zedong Thought is out of the question. This is because Marxism-Leninism-Mao Zedong Thought is our guiding ideology. If we ignore the study of Marxism-Leninism-Mao Zedong Thought, our socialist modernization will lose its bearings. It is quite necessary to attach importance to the study of elementary knowledge. However, some comrades attach importance to the study of elementary knowledge at the expense of ignoring practice and experience. This way of doing things is also out of the question. This is because practice and experience are also based on knowledge and are of greater importance. Practice and experience are the source of elementary knowledge. If we attach importance to the study of book knowledge at the expense of ignoring practice and experience and neglect the summation of practice and experience, we will not be able to successfully run socialist construction undertakings.

We must learn from foreign countries and from areas outside our region, and we are far from successfully promoting the study in this regard, which we must further promote. However, learning from foreign countries and from areas outside our region must be connected with and adapted to national or local conditions. Moreover, we must not copy mechanically or apply indiscriminately modes of foreign countries and modes of areas outside our region. This is because this practice cannot benefit us and is also very harmful to us.

#### XINJIANG'S COLLEGE IDEOLOGICAL, POLITICAL WORK

HK201111 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 19 Feb 87

[Excerpts] According to a report filed by this station's reporter (Li Yanjun), in his speech at today's meeting of leading cadres from Urumqi area's universities, colleges, and technical secondary schools, Janabil, deputy secretary of the autonomous regional party committee, stressed: Universities, colleges, and technical secondary schools must adhere to the socialist orientation in running schools, take a clear-cut stand on opposing bourgeois liberalization, and turn their universities, colleges, and schools into strong fronts for building socialist spiritual civilization, for resisting the corrosive influence of bourgeois ideology, and for training talented people with lofty ideals, moral integrity, good educational background, and a high sense of discipline.

Janabil said: The situation in the universities, colleges, and technical secondary schools in our autonomous region is good. However, there are some problems: A very small number of people have used the platforms in our socialist schools to spread some erroneous views that run counter to the four cardinal principles. Party committees of schools at all levels must strengthen leadership over the struggle against bourgeois liberalization, organize vast numbers of party members to conscientiously study the party Central Committee's documents on opposing bourgeois liberalization and a series of important expositions made by Comrade Deng Xiaoping, and enable all party members and cadres to distinguish right from wrong on the question of fundamental political principle and on the question of political orientation, to raise their ideological level, and to achieve unity in thinking. The propaganda fronts in our schools, including school magazines and academic journals, must justly and forcefully conduct propaganda education in upholding the four cardinal principles and opposing bourgeois liberalization for vast numbers of teachers and students.

Janabil said: After the opening of the new semester, all universities, colleges, and technical secondary schools must regard upholding the four cardinal principles and opposing bourgeois liberalization as the central tasks of their ideological and political work, and truly strengthen and improve their ideological and political work.  
[passage omitted]

Janabil noted: In opposing bourgeois liberalization, we must pay close attention to policy. Regarding vast numbers of teachers, staff, workers, and students in schools, we must uphold the guiding principles of putting the stress on positive education and uniting with the great majority, prevent the use of leftist things to criticize rightist things, and absolutely forbid using opposition to bourgeois liberalization to hamper the implementation of the policies on reform, opening up, and reinvigorating.  
[passage omitted]

XINJIANG NOTES LOCAL INFLUENCE OF LIBERALIZATION

HK210153 Urumqi Xinjiang Regional Service in Mandarin 0100 GMT 21 Feb 87

[Excerpts] A 6-day regional meeting of directors of prefectural and city culture bureaus and offices concluded in Urumqi on 19 February. The meeting seriously studied the series of important central instructions on current ideological, theoretical, and cultural work, especially Comrade Deng Xiaoping's important speech, and conveyed the spirit of the national conference of cultural department and bureau chiefs. [passage omitted]

Janabil, deputy secretary of the regional party committee, and Feng Dazhen, member of the Standing Committee of the regional party committee and director of the Propaganda Department, attended the meeting. Janabil made a speech. He said: The current struggle against bourgeois liberalization is related to whether we can correctly persevere in the line, principles, and policies laid down by the 3d Plenary Session of the 11th CPC Central Committee. It is related to the question of what kind of generation will carry on our cause. It is related to the destiny of the party and state and the future of the socialist cause.

He pointed out: It cannot be denied that the ideological trend of bourgeois liberalization has had an impact on Xinjiang literature and art circles in recent years. Analyzing the region's situation, especially the situation in literature and art circles, we cannot but see the problems in this respect. We must learn a profound lesson in this respect, enhance understanding, correct our orientation, and promote our work.

On mass cultural work, Janabil pointed out: Mass cultural work, especially in the rural and pastoral areas, has always been a weak link in Xinjiang. Through investigating, studying, and summing up experiences, we must take effective steps to improve the standard of mass cultural work. [passage omitted]

XINJIANG PARTY COMMITTEE OPENS ENLARGED SESSION

HK210151 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 20 Feb 87

[Text] The ninth enlarged plenary session of the third regional party committee opened in Urumqi today. The main agenda of the session is, guided by the spirit of the relevant central instructions, to sum up the region's work in 1986, arrange the tasks for 1987, and pass a resolution on convening a regional conference of party delegates.

Tomur Dawamat, deputy secretary of the regional party committee, presided at the opening of the session and made a speech. Song Hanliang, secretary of the regional party committee, delivered a report entitled "Uphold the Four Cardinal Principles, Carry Out In-Depth Reforms, Opening Up, and Invigoration, and Fulfill All the Region's Tasks for 1987."

The session is being attended by members and alternate members of the regional party committee, members of the regional Advisory and Discipline Inspection Commissions, and principal responsible party-member cadres of the prefectures, cities, organs, tertiary education institutions, mass organizations, and the production and construction corps, totalling some 390 persons.



TAIWAN WINS OVER PRC IN JAPANESE COURT CASE

OW261520 Taipei CNA in English 1452 GMT 26 Feb 87

[Text] Tokyo, Feb. 26 (CNA) — The Osaka high court Thursday upheld a Kyoto District Court verdict that the Koka-ryo Chinese student dormitory belongs to the Government of the Republic of China [ROC].

The verdict, handed down by the Kyoto court last year, ordered that eight pro-Peiping squatters be evicted from the Koka-ryo Dormitory.

Machi-chuang, representative in Japan of the Association of East Asian Relations, praised the Osaka court judges for their courage and impartiality in rendering a judgment according to both international and domestic laws.

The Chinese Communists have in the past few years exerted pressure on Japanese officials in an attempt to influence the verdict in their favor.

The Republic of China bought the Koka-ryo Dormitory in 1950 for Chinese students. Later several pro-Peiping students moved into the dormitory. In 1967, the ROC Government asked the Kyoto District Court to evict the pro-Peiping squatters. After Japan "normalized" relations with Red China in 1972, the Kyoto court ruled in 1977 that the dormitory should be put under the control of Red China following the switch of Japan's diplomatic recognition from Taipei to Peiping.

The initial ruling was appealed, and the Osaka high court remitted the case to the Kyoto District Court on the grounds that the Republic of China could be a legitimate party to the suit.

The Kyoto District Court announced in a verdict last February that the ROC Government is the owner of the Koka-ryo student dormitory, because the ROC Government in fact controlled and effectively ruled Taiwan. Furthermore, the verdict said, the dormitory was not a "diplomatic asset" subject to transfer following the switch of diplomatic recognition.

The squatters, backed by the Chinese communists, appealed the case to the Osaka high court. Thursday's ruling upheld that year's Kyoto verdict. The squatters still have one more chance to appeal.

NEGOTIATOR PESSIMISTIC ON TEXTILE TALKS WITH U.S.

OW270415 Taipei CNA in English 9343 GMT 27 Feb 87

[Text] Taipei, Feb. 27 (CNA) — The ROC [Republic of China]-U.S. textile product negotiations will be held on March 5 in Washington, DC., with Vincent Siew, director general of the Board of Foreign Trade, as the ROC's chief negotiator. Siew will try to gain an extension of the bilateral textiles pact and a larger annual growth rate for export textiles during the negotiations. However, he is pessimistic about the outcome given the rising protectionist sentiment on Capitol Hill.

RIGHTIST DEMONSTRATORS CLASH WITH POLICE AT YUAN

HK270830 Hong Kong AFP in English 0819 GMT 27 Feb 87

[Text] Taipei, Feb 27 (AFP) -- Three hundred right-wing protestors clashed with police and politicians in front of Taiwan's parliament Friday in an attempt to block opposition legislators from entering the building. Members of the Patriotic Society of All the People, comprising 12 civilian groups, waved banners and chanted patriotic slogans outside the Legislative Yuan as members were electing a president and vice-president.

Taipei Deputy Chief Police Officer Chang Ping-hen was bleeding from a cut on his face sustained as he and a dozen police escorted opposition member Chu Kao-cheng into the building.

The right-wing protestors punched and refused to give way to Hsu Kuo-tai, one of the 12 newly elected legislators representing the opposition Democratic Progress Party (DPP) who boycotted a Tuesday oath-taking ceremony. Mr. Hsu, brother of exiled dissident Hsu Hsin-liang, failed to break the human blockade. He was advised to leave the scene but later returned and managed to enter the main entrance under tight police escort. Other DPP legislators went into the building through a side gate.

The DPP, Taiwan's first opposition party formed in September under a 40-year ban on the creation of political parties, won 12 seats in the Legislative Yuan and 11 seats in the National Assembly in the December elections. The Taipei government has not recognized the legal status of the DPP, although it has made it clear that the party ban would soon be lifted.

The demonstrators, most of them old people who fled China in the late 1940's when the mainland was taken over by communists, claimed any legislator who failed to swear-in should not take part in parliamentary activities. The law here requires legislators to take an oath within three months after their election.

DPP legislator Chu Kao-cheng was cursed as a "traitor" and a "clown" when he came out of the chamber to get a glimpse of the protest. He was surrounded by the patriots who forced him away from the entrance. Under police protection, Mr. Chu, cursed the patriots, waved his fist and re-entered the building. Mr. Chu sparked controversy Wednesday when he rushed to the parliament podium to stop Premier Yu Kuo-hua from making an administrative report. He was later dragged down the podium by legislators from the ruling Kuomintang and members of the two parties exchanged punches on the floor.

"We can not allow a clown like him to represent us -- the general public," said Chen Hsun-lan, a member of the Patriotic Society. "Authorities can ignore them, but we won't, we have to get our message across."

Kuomintang nominee Nieh Wen-ya won the sixth consecutive three-year term as parliament president, beating his DPP candidate Hsu Jung-shu, wife of a jailed dissident, with 264 votes against 14.

There are 327 members in the parliament of which 297 voted Friday.

LEGALITY OF LEGISLATIVE YUAN CHAIRMANSHIP QUERIED

OW260539 Taipei International Service in English 0200 GMT 25 Feb 87

[Text] In a report to the 79th session of the Legislative Yuan Premier Yu Kuo-hua on Tuesday outlined the steps being taken to establish a new era of constitutional democracy. In his oral report, Premier Yu said that he opened an active competition between candidates of opposing views in recent elections as evidence of the progress made in political reforms. Yu said: The Republic of China [ROC] Government has placed national interests and the people's welfare as its top priority. He said, quote, reasonably, therefore, anyone who attempts to fulfill one's own purpose or personal advocacy by attempting to break up the social order will not be accepted by our society, unquote. The premier, at the Legislative Yuan meeting, reiterated the government's responsibility to protect the security and interests of the 20 million people on the island, and the historical mission of helping the billion compatriots on the mainland pursue freedom and democracy.

The 29th session of the ROC's highest lawmaking body, Legislative Yuan, opened Tuesday morning with incumbent president of the Yuan Nieh Wen-ya presiding. After the speaker announced the opening of the new session, five members of the illegally-formed opposition Democratic Progress Party took the floor and charged that Mr Nieh's chairmanship is questionable. They insisted the session be chaired by a new speaker, pending an election slated for 27 February. Nieh replied that his 3-year tenure will last till the election day, since he was elected as president of the Yuan on 27 March 1984. Legislator Fei Hsi-ping, a DPP member, suggested that the controversy be settled by a vote. The vote turned out that all but 10 of the legislators present agreed with the legality of Nieh's chairmanship. This and other episodes caused nearly 2 and 1/2 hours delay for the premier's oral report, which finally started at 11:20 am.

The 11 DPP members, who refused to take the oath of office at Monday's swearing-in ceremony, showed up at Tuesday's session. President of the Yuan Nieh Wen-ya said that next Monday the newly-elected legislators, who have not been sworn in, may participate in an interpellation.

LEGISLATIVE YUAN TO ELECT TWO TOP LEADERS

OW270249 Taipei CNA in English 0231 GMT 27 Feb 87

[Text] Taipei, Feb. 26 (CNA) -- Members of the Legislative Yuan will elect their president Friday morning and the vice president in the afternoon. The ruling Kuomintang has nominated Nieh Wen-ya and Liu Kuo-tsao to run for re-election of the respective posts. Nieh, 82, a native of Chekiang, and Liu, 77, a native of Miaoli, Taiwan, have held their current posts since 1973. When they won re-election in 1984, Nieh collected 324 votes, or 93.64 percent of the total votes, while Liu gained 257 votes, or 76.04 percent.

PRESIDENT CHIANG CALLS FOR LAW-ABIDING SPIRIT

OW260255 Taipei CNA in English 0234 GMT 26 Feb 87

[Text] Taipei, Feb. 25 (CNA) -- President Chiang Ching-kuo Wednesday called on the people of the Republic of China to strengthen their law-abiding spirit so as to pave the way for building the country into a democratic and free nation.



President Chiang, in his capacity as chairman of the ruling Kuomintang [KMT], made the call while presiding over the weekly KMT Central Standing Committee meeting after listening to a report by Justice Minister Shih Chi-yang on the revision of the criminal code.

Shih had said that the criminal code, promulgated in 1935, should be revised as the 50-year-old law no longer meets the real needs of the contemporary world. Shih said that a revised bill, now being screened by the cabinet before being sent to the Legislative Yuan for approval, aims at strengthening national security, maintaining social order and protecting people's interests.

President Chiang said that the rule of law is the foundation of a democratic political system and the government has and will continue to do its best to promote democracy. The president said that the government has recently initiated many political reforms. The purpose, he added, is to promote political progress by strengthening the rule of law and the implementation of a more fully democratic system. A sound legal system is the basis of the rule of law, so the laws must be revised from time to time to meet the changing needs. A nation can only succeed in implementing the democratic system and the rule of law when all its people both respect the law and decide to maintain the dignity of law. President Chiang said. Meanwhile, President Chiang, not only praised all judicial personnel for their contributions to maintaining the legal system over past 30-odd years, but also urged them to redouble their efforts to implement judicial reforms.

#### TAIWAN BANS ANTIGOVERNMENT PUBLICATIONS

OW260457 Taipei TZU LI WAN PAO in Chinese 21 Feb 87 p 2

[Text] The garrison General Headquarters banned TAIWAN YU SHIH CHIH [0669 3494 5280 0013 3954 TAIWAN AND THE WORLD] and several other publications a few days ago. Most of the publications have been confiscated under the provisions of "confusing the public to affect their morale and feelings" of Category 6, and of "sowing seeds of discord between the government and the people" of Category 7 in Article 3 of the Regulations for Controlling Publications in the Taiwan Area during the Martial Law Period.

The publications confiscated by the Garrison General Headquarters are the inaugural issue of the weekly TAIWAN YU SHIH CHIH, "A Comprehensive Study of the 28 February Incident in Taiwan" by Lin Chi-hsu, "Half Sit, Half Stand, Smile" in Li Ao's series of commentaries, the 12th issue of CHING SHIH [6226 3740 VIGILANT LION], "A Juncture in Modern Chinese History" by Chiang Yun-tien, the 13th issue of the weekly TAIWAN MIN CHU [0669 3494 3046 0031 TAIWAN DEMOCRACY], a pamphlet of the "All-America Hsi-an Torch of Nations [chuan mei hai an wan kuo chih kuang 0356 5019 6932 1344 5502 0948 0037 0342], "MIN CHU SHIH PAO [3046 0031 2514 1032 DEMOCRACY TIMES], the 119th issue of the weekly TZU YU SHIH TAI [5261 3945 2514 0108 FREEDOM TIME], the 46th issue of HSIN KUAN TIEN WU [2450 6034 7820 0063 FIVE NEW VIEWPOINTS], and the 10th issue of the serial LING HSIEN [7325 0341 PIONEER].

#### DPP WEEKLY REGISTERED WITH TAIPEI GOVERNMENT

OW260605 Taipei International Service in English 0200 GMT 25 Feb 87

[Text] The Taipei City Government on Monday approved the registration of a new opposition publication on condition that the periodical be issued weekly. The MIN CHIN PAO [DEMOCRATIC PROGRESSIVE PAPER] weekly, the mouthpiece of the illegally-formed Democratic Progress Party, or DPP for short, published its trial issue on 14 February, but copies were seized overnight by security. DPP members then submitted to authorities application for a license.

The city government said the MIN CHIN PAO's first issue was confiscated because it failed to register with the authorities, and the name indicated it is a daily newspaper. Pao in Chinese means newspaper. But the publication of newspapers is not allowed under existing laws. The city's information department also specified that the new weekly must print its publication date according to the year of the ROC [Republic of China], instead of the Gregorian calendar. The official ROC calendar began in 1912. This is the 76th year of the republic. The publication is also requested not to print the name of the Democratic Progress Party on its masthead until the party obtains legal status.

#### COMMENTARY VIEWS RULE OF LAW, DEMOCRACY

OW27C101 Taipei CNA in English 1444 GMT 26 Feb 87

[Text] Taipei, Feb. 26 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BOC) in Taipei entitled: "Emphasizing the Rule of Law".

Premier Yu Kuo-Hua's "State of the Nation" Address, given two days ago at the opening session of the Legislative Yuan, was a little out of the ordinary. That can be expected, however, since these are not ordinary times in the Republic of China [ROC] on Taiwan. In the old days, meaning from last year on back, the State of the Nation Address focused primarily on what concerned everybody -- the economy. It seemed there were always a few token lines thrown in about political development. It was a natural thing, as economic development overshadowed any other concerns. But, the "times they are a changing." This year's speech reflected a new tone, with much of the emphasis going toward political development. That is understandable, as 1986 was a watershed year in terms of the Republic of China's political development on Taiwan. Judging by Premier Yu's speech, 1986 was the year the ROC suddenly realized it had economic development under its belt, and that it was time to move on with political development. In keeping with tradition, the ROC Government undertook this change of focus without deemphasizing the need for stability. Nothing, as Premier Yu said, should be undertaken at the expense of the economy or social stability.

In his speech, Premier Yu addressed political development exactly in the frame of reference to stability. He noted that government "cannot please everyone," and that there is bound to be a minority of persons who feel left out. This is where Premier Yu turned his attention to the rule of law and its importance in a modern, democratic society. He warned the public that democracy is not a free-for-all system. He reminded people that the government's responsibility is to look out for the collective interests of the society as a whole. Social and political harmony can exist, he said, if each and every citizen observes the rule of law and the rules of democracy, which are enshrined in the Jeffersonian principle that "one person's rights end where another's begin."

The rule of law, to be sure, is that which separates truly developed countries from the crowd of lesser-developed ones. Setting up modern systems of government is difficult enough in this day and age; few nations have come that far. But the real "hump" of development is the psychological transformation that must occur for people to understand the value of the rule of law, especially in a democracy where differences of opinion are freely aired and tolerated. This might be referred to as the "Wild Wild West Syndrome." As a nation modernizes, and democracy takes root, it is essential that the "anything goes" psychology and practices be discarded and replaced by the rule of law. If this does not happen, true democracy will not emerge and chaos will reign. That was Premier Yu's message, and it certainly reflected the times of crucial transformation on Taiwan.

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